

# **TOWN OF PANTEGO, TEXAS**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For The Year Ended September 30, 2025**





# **Town of Pantego, Texas**

## **Annual Comprehensive Financial Report**

For The Year Ended  
September 30, 2025

Prepared by:

James Peel  
Director of Finance

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**TOWN OF PANTEGO, TEXAS**

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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## **INTRODUCTORY SECTION**

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Monday, March 23, 2026

The Honorable Mayor Brewster, Members of the Town Council,  
and Citizens of the Town of Pantego, Texas:

The Annual Comprehensive Financial Report (ACFR) of the Town of Pantego for fiscal year ended September 30, 2025, is hereby submitted. State law and Town Financial Management Policies require that the Finance Department prepare and present a complete set of financial statements that conform with Generally Accepted Accounting Principles (GAAP) and have been audited in accordance with Generally Accepted Auditing Standards (GAAS) by licensed independent certified public accountants.

This report – sometimes colloquially referred to as an “audit” – is published to satisfy those requirements and to provide the governing body, staff, residents, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the Town government.

Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town’s financial activities have been included.

State Law requires the Town’s basic financial statements to be audited by independent certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are presented fairly, in all material respects, for the fiscal year ended September 30, 2025. This independent audit involved:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

Pattillo, Brown & Hill, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Town of Pantego, Texas’ financial statements for the year ended September 30, 2025. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## THE REPORTING ENTITY

The Town of Pantego was incorporated in 1952 as a village but changed to a Type A General Law city in 1967. Pantego is located in Tarrant County and is entirely surrounded by the Cities of Arlington and Dalworthington Gardens. It is located in the middle of the Dallas-Fort Worth (DFW) Metroplex, a metropolitan area spanning several counties. General Law cities are smaller cities, most of which are less than 5,000 in population. All General Law cities operate according to specific state statutes prescribing their powers and duties. General Law cities are limited to what the state authorizes or permits them to do. If state law does not grant the express or implied power to initiate a particular action, no action may be taken.

Type A General Law cities operate under the aldermanic form of government. The term “alderman” is often used interchangeably with the term Councilmember, and the modern name of the board of aldermen is the City Council. Because Pantego has not been divided into wards, the governing body consists of a Mayor and five Councilmembers who are elected at-large for staggered two-year terms on the first Saturday in May. All members serve without compensation. The Mayor and City Council appoint the City Manager, City Secretary, Town Attorney, and all who serve on the Town’s Boards and Commissions. The City Manager in turn appoints the heads of various departments.

In 1980, the Town adopted a Council-Manager form of government. The basic structure of the Council-Manager plan is similar to that of a private corporation, in which the stockholders elect a board of directors which then hires a president to run the company. Under the Council-Manager plan, the voters elect a City Council which, in turn, hires a City Manager to administer the Town’s daily operations. The Council serves as the legislative body, sets policy, approves an annual operating budget, sets the tax rate, authorizes staffing and payroll levels, and determines the extent and cost of municipal services. In short, the Council is the final authority on the many policy decisions that determine the scope and functions of the Town government.

The Town provides a full range of services, including public safety (police, fire, and emergency medical services), municipal court, public works, community development, and general administrative services. The Town also owns and operates a water distribution and wastewater and stormwater collection systems.

The basic financial statements of the Town include all governmental activities, organizations, and functions for which the Town is financially accountable. The criteria considered in determining governmental activities to be reported within the Town’s basic financial statements are based upon and consistent with those set forth in the Codification of Governmental Accounting and Financial Reporting Standards. Component units are legally separate organizations that a primary government must include as a part of its financial reporting entity. The government-wide financial statements include not only the Town itself (known as the primary government) but also include the Pantego Economic Development Corporation (PEDC) as a discretely presented component unit. The discretely presented component unit is presented in a separate column in the government-wide financial statements.

## ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the Town’s accounting system, consideration is given to the accuracy of internal control over financial reporting. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the control. The evaluation of costs and benefits requires estimates and judgments

by management. We believe the Town's current system of internal control over financial reporting adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

In addition to the system of internal controls, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Town Council. Budgetary controls are exercised at the departmental level. If necessary, the original adopted budget is modified to incorporate into a proposed mid-year budget, which is then used as the working budget for the remainder of the fiscal year.

The annual budget serves as the foundation for the Town's financial planning and control. The budget process is initiated each spring and involves the development of departmental estimates, a five-year financial forecast, and public workshops. The Town Manager is required to submit the proposed budget to the Town Council by August 1, and the final budget must be legally enacted no later than September 30.

Annual appropriated budgets are adopted for General Fund, Court House Security Special Revenue Fund, Court Technology Special Revenue Fund, Shamburger Special Revenue Fund, and the Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. Therefore, the fund level is the legal level of control.

## **LOCAL ECONOMY**

The Town's location between Dallas and Fort Worth is ideal for business and residents. The North Texas region possesses diverse research and educational institutions, logistics, oil and gas, manufacturing, and industrial and professional services. This base has traditionally contributed to a relatively stable unemployment rate. The Town currently enjoys a stable economic environment, and local indicators point to continued stability. Relatively low taxes, housing, and energy costs make the area attractive to business, with the additional enticement that the State of Texas has no personal income tax.

As it is widely recognized, revenue sources for municipalities are primarily derived from ad-valorem (property), sales, and use taxes. Combined, property and sales tax funded approximately 65.16 % of the General Fund maintenance and operation (M&O) expenditures for Fiscal Year 2025. Sales tax revenue is the largest source of income for the Town of Pantego. The Town of Pantego and the PEDC are committed to the support and growth of the local economy. Rich with an eclectic mix of small businesses and national retailers, the Town and PEDC seek new investments and redevelopment that build on the abundant strengths already present in the community. To assist in this effort, PEDC continues the use of several valuable business assistance tools, including economic incentives and small business grants.

In July 2014, both PEDC and the Town Council unanimously voted to officially join the Greater Arlington Chamber of Commerce. The investment in becoming part of the Chamber's President Advisory Council continues to provide significant new resources to Pantego's businesses. The Chamber has expanded its marketing and communications tools to further elevate the Pantego business community and deliver unique services for businesses to access new customers, capital, and continuing education. These resources continue to enhance the Town's proactive visionary attitude toward business development, retention, and quality of life and its mission on building an economically sustainable community.

## BUDGETING PROCESS

State Law requires that an operating budget be adopted prior to the first day of the fiscal year beginning October 1. The Town's budget process is a four-month cycle, which begins in early June and ends in late September. Departments submit budget proposals in June and during the months of June and July the City Manager and the Finance Director develop the recommended budget based on the directives received from the Council.

The Town of Pantego uses a program-based budgeting process. Each budgeting unit or department is given a target "baseline" funding level based upon the previous year's funding level. With a few exceptions, no capital assets, wages and benefits, or one-time packages are included in the baseline funding. Any funding request that represents new expenditures and programs or that exceeds baseline funding must be submitted as a separate request or "package." These packages may be new programs or staffing, requests to expand services or programs, or a request to restore funding of discontinued or frozen resources.

The budget revenue projections for the forthcoming fiscal year begin early in the current fiscal year. The projections are made by the departments responsible for the revenues with support from the Finance Director. Projections are based upon consultations with state and local agencies, trend analysis, anticipated changes in the local and regional economy, and discussions with directly associated staff members. Although revenue projections are prepared early in the budget process, the budget revenue analysis continues with departmental budget development and extends until the budget is adopted based upon any new information. Given revenue projections and baseline funding requirements, budget funding changes are made according to necessity and priority. A total recommended funding level is determined and is weighed against available resources.

By August 1, the City Manager submits to the Council a proposed budget of expenditures and the means to finance them for the next fiscal year. The Council holds workshop meetings and public hearings on the proposed budget to receive feedback from the Council, residents, and other stakeholders. This input informs the final adopted operating budget. No later than September 30, the budget is legally enacted via adoption of an appropriation ordinance. The budget may be amended during the year only after complying with the notice procedure called for adopting of the budget.

Once the fiscal year is underway, if a budget amendment proves necessary, this is accomplished by an act of "equal dignity" – adoption of an amending ordinance. This process is reserved for the address of emergency expenditures or unforeseen conditions. As with the originally adopted budget, the amended budget must be filed with the City Secretary and the County Clerk. Amendments can include transferring funds, covering deficits, or reallocating resources to different departments.

The City Manager is authorized to make line-item and departmental budget adjustments during the year in order to avoid over-expenditure of particular line items. Adjustments require no further Council action if the total appropriation for each fund, as set forth in the adopted budget, is not exceeded. Expenditures in excess of the adopted appropriations for each fund require budget amendments in accordance with adopted financial policies.

Budget maintenance is a year-round activity for the Directors and Chiefs overseeing departments and divisions; and for the Finance Director who is charged with monitoring each fund as well as the organization as a whole. Spending control mechanisms during the year include monthly review of expenditures and financial reports to the Council. Program goals, objectives, and measures are evaluated

during budget implementation to determine effectiveness of program activities and levels of appropriate funding for subsequent years. The adopted budgets for all funds – governmental, enterprise, special revenue, or component unit – shall comply with Generally Accepted Accounting Principles (GAAP).

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Pantego for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024. This award recognizes adherence to the highest standards for preparation of state and local government financial reports. A Certificate of Achievement is valid for a period of one year only. This was the eleventh year for which the Town of Pantego received this prestigious award.

Staff is confident that this ACFR also conforms to the Certificate of Achievement Program requirements and consequently we will be submitting to GFOA for their consideration.

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated endeavors of the entire Town staff. We would like to express our sincere appreciation to all employees who contributed to the preparation. We would also like to thank the Mayor and Town Council for their support in planning and conducting the financial operations of the Town in a responsible manner.

The timely preparation of this report was possible because of the efficiency and dedication of the entire Town staff. We would like to express our sincere appreciation to everyone who diligently maintained records throughout the fiscal year and contributed to the preparation by providing those supporting documents on demand.

And, we are, of course, grateful to the Mayor and Council for their support in developing, monitoring, and conducting the financial operations of our Town in a responsible and responsive manner.

Respectfully submitted,



Leslie E. Galloway  
City Manager



James Peel  
Finance Director

# **TOWN OF PANTEGO, TEXAS**

## **ELECTED OFFICIALS**

### Town Council

RUSSELL BREWSTER, MAYOR

VICTORIA ROEMMICH, Place 1

TYLER LOE, Place 2

MIKE DUNCAN, Place 3

ANGIE VICKERMAN, Place 4

JEFF BROWN, Place 5 Mayor Pro-Tem

## **APPOINTED OFFICIALS**

Leslie Galloway City Manager

Vacant, City Secretary

Carvan Adkins, Town Attorney

## **KEY STAFF**

James Peel, Finance Director

Dale Alexander, Public Works Director

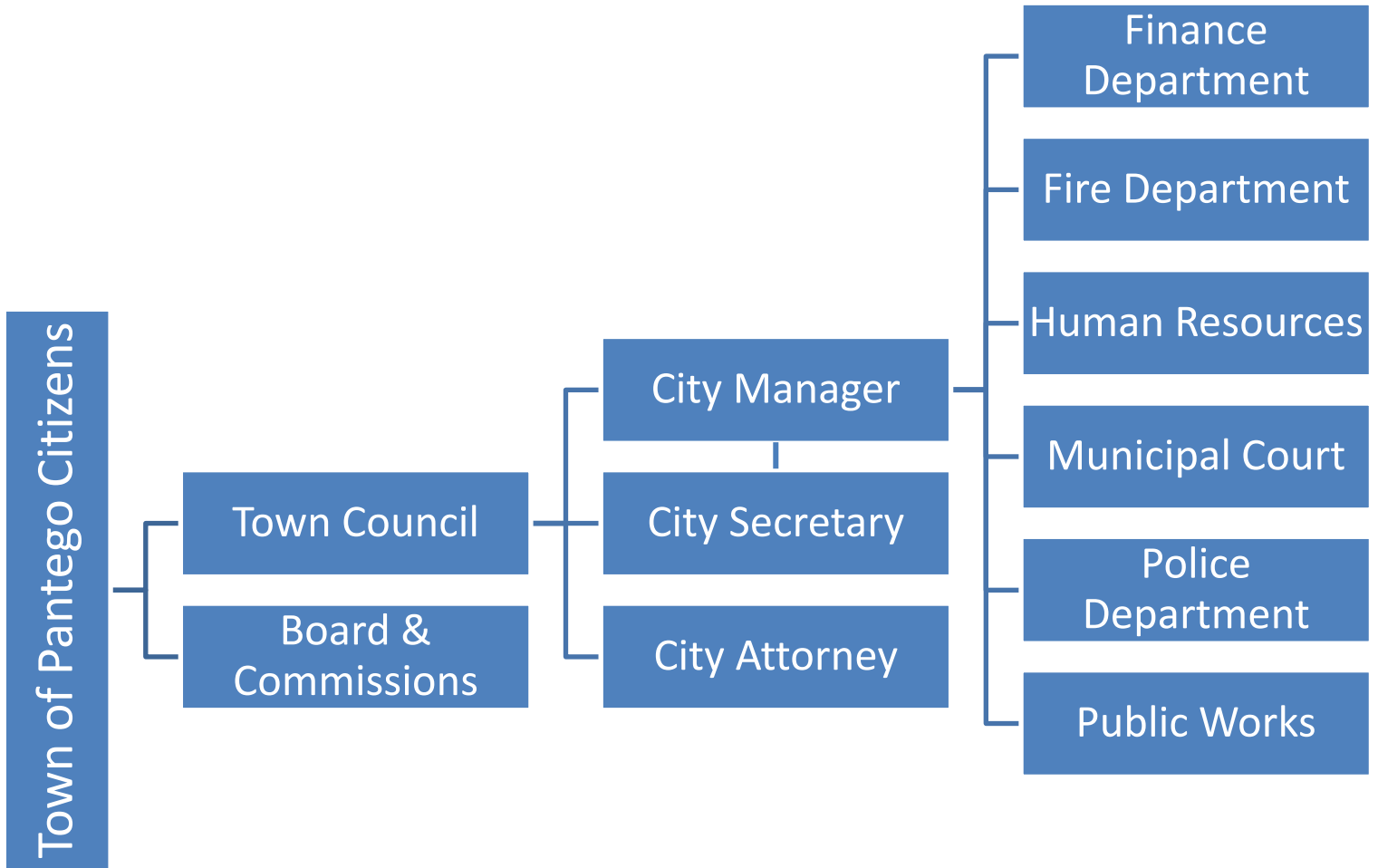
Christie Barris, Human Resources

Robert Rife, Police Chief

Barry Bondurant, Fire Chief

Cat Hughes, Municipal Court Administrator







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Pantego  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor  
and Members of Town Council  
Town of Pantego, Texas

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Pantego, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Pantego, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Pantego, Texas as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Pantego, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Pantego, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pantego, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Pantego, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information, as listed in the table of contents, to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pantego, Texas' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual fund financial statements and schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information included in the Annual Comprehensive Financial Report**

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026 on our consideration of the Town of Pantego, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Pantego, Texas' internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 23, 2026

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the Town of Pantego, Texas (the "Town") for the year ended September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the Town's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the Town's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflow of resources of the Town of Pantego exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$11,441,891 (net position) compared to \$11,264,947 for the prior year. A deficit unrestricted net position of (\$1,731,156) reported at year end.
- The Town's total net position increased by \$176,944. The Town's governmental activities net position decreased by \$1,512,309 and the business-type activities net position increased by \$1,689,253.
- As of the close of the current fiscal year, the Town of Pantego's governmental funds reported combined ending fund balances of \$15,116,973 which is an increase of \$1,499,652 from the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was \$504,663 which is 32 days or 8.7% of total general fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Town's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide statements report information for the Town as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the Town as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the Town's financial statements, report information on the Town's activities that enable the reader to understand the financial condition of the Town. These statements are prepared using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the Town's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other nonfinancial factors, such as the Town's property tax base and the condition of the Town's infrastructure, need to be considered in order to assess the overall health of the Town.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the Town's financials into two classes of activities:

**Governmental Activities** – Most of the Town's basic services are reported here including general government, public safety, public works, and community development. Sales tax, property tax, franchise tax, fines and forfeitures, and intergovernmental revenue finance most of these activities.

**Business-Type Activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

The government-wide financial statements include not only the Town itself (known as the primary government), but also a legally separate Economic Development Corporation for which the Town is financially accountable. The Pantego Economic Development Corporation (the "PEDC") accounts for the local sales tax used to stimulate the local economy, development, and redevelopment. Financial information for this component unit is reported separately from the financial information presented for the primary government. Additional information on the component unit can be found in the notes to the basic financial statements.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the Town. They are usually segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of Town funds are governmental and proprietary.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2023 Capital Projects Fund, the 2025 Capital Projects Fund, the Equipment Replacement fund, and the Debt Service fund, which are considered to be major funds for reporting purposes.

The Town adopts an annual appropriated budget for its General Fund, the Debt Service fund, and special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**Proprietary Funds.** The Town maintains one type of proprietary fund, enterprise funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its utility (water and sewer) system. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

## Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

## Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and the schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the Town's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows by \$11,441,891 as of year-end. The largest portion of the Town's net position (109.4%) reflects its investments in capital assets (e.g., land, buildings, improvements, construction in progress, and infrastructure) less any debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

### Statement of Net Position

The following table reflects the condensed Statement of Net Position:

|                                  | Governmental Activities |               | Business-type Activities |              | Totals        |               |
|----------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
|                                  | 2025                    | 2024          | 2025                     | 2024         | 2025          | 2024          |
| Current and other assets         | \$ 16,982,359           | \$ 15,058,007 | \$ 933,646               | \$ 592,354   | \$ 17,916,005 | \$ 15,650,361 |
| Capital assets                   | 5,324,746               | 5,620,490     | 10,272,436               | 8,872,670    | 15,597,182    | 14,493,160    |
| Total assets                     | 22,307,105              | 20,678,497    | 11,206,082               | 9,465,024    | 33,513,187    | 30,143,521    |
| Deferred outflows of resources   | 498,985                 | 811,670       | 64,394                   | 86,593       | 563,379       | 898,263       |
| Long-term liabilities            | 20,557,947              | 18,268,257    | 230,888                  | 218,750      | 20,788,835    | 18,487,007    |
| Other liabilities                | 1,508,407               | 1,081,058     | 121,235                  | 119,911      | 1,629,642     | 1,200,969     |
| Total liabilities                | 22,066,354              | 19,349,315    | 352,123                  | 338,661      | 22,418,477    | 19,687,976    |
| Deferred inflows of resources    | 191,487                 | 80,294        | 24,711                   | 8,567        | 216,198       | 88,861        |
| Net position:                    |                         |               |                          |              |               |               |
| Net investment in capital assets | 2,247,457               | 4,693,441     | 10,272,436               | 8,872,670    | 12,519,893    | 13,566,111    |
| Restricted                       | 190,657                 | 224,011       | 462,497                  | 472,081      | 653,154       | 696,092       |
| Unrestricted                     | (1,889,865)             | (2,856,894)   | 158,709                  | (140,362)    | (1,731,156)   | (2,997,256)   |
| Total net position               | \$ 548,249              | \$ 2,060,558  | \$ 10,893,642            | \$ 9,204,389 | \$ 11,441,891 | \$ 11,264,947 |

A portion of the primary government's net position, \$653,154, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position (\$1,731,156) or 15.1% may be used to meet the government's ongoing obligation to citizens and creditors.

Total assets are \$33,513,187, an increase of \$3,369,666 compared to prior year. Total assets increased compared to the prior year primarily due to the issuance of 2025 bonds, which resulted in a bond receivable of \$3 million at year end. Total liabilities are \$22,418,477, an increase of \$2,730,501 compared to prior year. This increase is mainly due to the issuance of 2025 bonds in the amount of \$3 million. Total deferred outflows of resources are \$563,379, a decrease of \$334,884 compared to the prior year. Total deferred inflows of resources are \$216,198, an increase of \$127,337 compared to the prior year. The changes in deferred outflows and inflows of resources are due to the net differences between projected and actual investment earnings on pension plan assets.

## Statement of Activities

The following table provides a summary of the Town's changes in net position:

|                                    | Governmental Activities |                     | Business-type Activities |                     | Totals               |                      |
|------------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                    | 2025                    | 2024                | 2025                     | 2024                | 2025                 | 2024                 |
| Revenues:                          |                         |                     |                          |                     |                      |                      |
| Program revenues:                  |                         |                     |                          |                     |                      |                      |
| Charges for services               | \$ 1,367,574            | \$ 1,055,716        | \$ 1,556,891             | \$ 1,121,896        | \$ 2,924,465         | \$ 2,177,612         |
| Operating grants and contributions | 7,192                   | 4,161               | -                        | -                   | 7,192                | 4,161                |
| Capital grants and contributions   | -                       | -                   | 528,977                  | 413,297             | 528,977              | 413,297              |
| General revenues:                  |                         |                     |                          |                     |                      |                      |
| Property tax                       | 2,519,592               | 2,499,166           | -                        | -                   | 2,519,592            | 2,499,166            |
| Sales tax                          | 2,198,318               | 2,314,948           | -                        | -                   | 2,198,318            | 2,314,948            |
| Franchise tax                      | 286,632                 | 285,762             | -                        | -                   | 286,632              | 285,762              |
| Investment earnings                | 1,793,347               | 871,090             | 25,293                   | 30,715              | 1,818,640            | 901,805              |
| Miscellaneous                      | 38,823                  | 105,247             | -                        | -                   | 38,823               | 105,247              |
| Total revenues                     | <u>8,211,478</u>        | <u>7,136,090</u>    | <u>2,111,161</u>         | <u>1,565,908</u>    | <u>10,322,639</u>    | <u>8,701,998</u>     |
| Expenses:                          |                         |                     |                          |                     |                      |                      |
| General government                 | 1,495,334               | 1,133,299           | -                        | -                   | 1,495,334            | 1,133,299            |
| Public safety                      |                         |                     |                          |                     |                      |                      |
| Police                             | 2,357,490               | 2,124,929           | -                        | -                   | 2,357,490            | 2,124,929            |
| Fire                               | 1,847,840               | 1,896,231           | -                        | -                   | 1,847,840            | 1,896,231            |
| Public works                       | 1,878,901               | 1,373,166           | -                        | -                   | 1,878,901            | 1,373,166            |
| Community development              | 25,372                  | 39,891              | -                        | -                   | 25,372               | 39,891               |
| Interest on long-term debt         | 838,703                 | 687,723             | -                        | -                   | 838,703              | 687,723              |
| Water and Sewer                    | -                       | -                   | 1,702,055                | 1,588,754           | 1,702,055            | 1,588,754            |
| Total expenses                     | <u>8,443,640</u>        | <u>7,255,239</u>    | <u>1,702,055</u>         | <u>1,588,754</u>    | <u>10,145,695</u>    | <u>8,843,993</u>     |
| Transfers                          | <u>(1,280,147)</u>      | <u>(2,651,291)</u>  | <u>1,280,147</u>         | <u>2,651,291</u>    | <u>-</u>             | <u>-</u>             |
| Change in net position             | (1,512,309)             | (2,770,440)         | 1,689,253                | 2,628,445           | 176,944              | (141,995)            |
| Net position, beginning            | <u>2,060,558</u>        | <u>4,830,998</u>    | <u>9,204,389</u>         | <u>6,575,944</u>    | <u>11,264,947</u>    | <u>11,406,942</u>    |
| Net position, ending               | <u>\$ 548,249</u>       | <u>\$ 2,060,558</u> | <u>\$ 10,893,642</u>     | <u>\$ 9,204,389</u> | <u>\$ 11,441,891</u> | <u>\$ 11,264,947</u> |

For the year, revenues from governmental activities totaled \$8,211,478, an increase of 15.1% compared to the prior year. This increase is largely due to an increase in property tax revenues from an increase in the assessed values of properties within the Town and an increase in the tax rate, along with an increase in charges for services due to higher sewer rates implemented during the fiscal year. Expenses from governmental activities totaled \$8,443,640, an increase of 16.4% compared to the prior year. This increase was mainly due to an increase in payroll cost from increases in wages and an increase in depreciation expense due to more capital assets being depreciated.

Revenues from business-type activities totaled \$2,111,161, an increase of 34.8% compared to the prior year. This increase was largely related to an increase in charges for services due to higher water rates, but stable consumption. Expenses from business-type activities totaled \$1,702,055, an increase of 7.1% compared to the prior year. The increase in expenses was largely a result of the increase in noncapital repair and maintenance projects.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The General Fund ended the year with total fund balance of \$571,753 which was a slight decrease of \$370,681, this decrease was primarily due to a reduced of collection of fines and fees revenue as compared to the prior year.

The 2025 Capital Projects Fund ended the year with total fund balance of \$3,001,965, an increase of \$3,001,965. The increase was caused by the issuance of 2025 certificates of obligations.

The 2023 Capital Projects Fund ended the year with total fund balance of \$10,185,633, a decrease of \$301,631. The decrease was caused by an increase in capital outlay expenditures.

The Debt Service Fund has a total ending fund balance of \$16,673, a decrease of \$35. The decrease is minimal as debt service payments are relatively the same as collections.

**Proprietary Funds:** The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Position of the Utility Fund at the end of the year amounted to (\$158,709). Net Position increased by a net amount of \$1,689,253. The increase was caused by growth in water sales that exceeded increases in expenses.

**General Fund Budgetary Highlights** - Actual revenues collected fell short of management's original estimate of the General Fund's revenues by \$330,192, mostly caused by fewer than expected fines and fees and sales tax revenues. Revenue budget amendments during the year included an increase to fire inspection fee revenue, fire department donations and miscellaneous revenues. Expenditures were more than appropriations by \$76,553 due to software costs. Significant budget amendments included increases to public safety vehicle maintenance, increases to general government, public safety, and public works fuel costs, and increases to capital outlay.

## CAPITAL ASSETS

The following are the Town's investment in capital assets for its governmental and business-type activities as of September 30, 2025:

|                                   | Governmental Activities |                     | Business-type Activities |                     | Totals               |                      |
|-----------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                   | 2025                    | 2024                | 2025                     | 2024                | 2025                 | 2024                 |
| Land                              | \$ 211,263              | \$ 211,263          | \$ 384,461               | \$ 384,461          | \$ 595,724           | \$ 595,724           |
| Construction in progress          | -                       | 98,989              | 5,080,890                | 3,609,616           | 5,080,890            | 3,708,605            |
| Buildings                         | 2,229,529               | 2,229,529           | -                        | -                   | 2,229,529            | 2,229,529            |
| Improvements other than buildings | 2,422,207               | 2,422,207           | 8,487,200                | 8,487,200           | 10,909,407           | 10,909,407           |
| Machinery and equipment           | 2,823,394               | 3,099,738           | 288,104                  | -                   | 3,111,498            | 3,099,738            |
| Infrastructure                    | 11,567,556              | 11,157,963          | -                        | -                   | 11,567,556           | 11,157,963           |
| Right-to-use assets               | 1,201,933               | 714,418             | -                        | -                   | 1,201,933            | 714,418              |
| Accumulated depreciation          | (15,131,136)            | (14,313,617)        | (3,968,219)              | (3,608,607)         | (19,099,355)         | (17,922,224)         |
| Total                             | <u>\$ 5,324,746</u>     | <u>\$ 5,620,490</u> | <u>\$ 10,272,436</u>     | <u>\$ 8,872,670</u> | <u>\$ 15,597,182</u> | <u>\$ 14,493,160</u> |

Additional information on the Town of Pantego capital assets can be found in the notes to the financial statements on pages 32 and 33.

## LONG-TERM DEBT

At the end of the current fiscal year, the Town had long-term debt obligations as follows. This debt is secured by a combination of property taxes and a pledge of water and sewer revenues.

|                            | Governmental Activities |                      | Totals               |                      |
|----------------------------|-------------------------|----------------------|----------------------|----------------------|
|                            | 2025                    | 2024                 | 2025                 | 2024                 |
| Certificates of obligation | \$ 16,995,000           | \$ 14,395,000        | \$ 16,995,000        | \$ 14,395,000        |
| Premiums                   | 757,594                 | 719,596              | 757,594              | 719,596              |
| Leases                     | 357,089                 | 489,405              | 357,089              | 489,405              |
| Financed purchase          | 374,347                 | 437,644              | 374,347              | 437,644              |
| Compensated absences       | <u>284,790</u>          | <u>176,172</u>       | <u>284,790</u>       | <u>176,172</u>       |
| Total                      | <u>\$ 18,768,820</u>    | <u>\$ 16,217,817</u> | <u>\$ 18,768,820</u> | <u>\$ 16,217,817</u> |

Additional information on the Town of Pantego long-term-debt can be found in the notes to the basic financial statements on pages 33 – 35.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Although the nationwide economic forecast continues to be uncertain, the Town's financial position remains fundamentally stable. However, the Town has navigated specific areas of economic contraction. For example, the Town experienced a decrease in sales tax revenue of (2.8%) compared to the prior fiscal year. This was the first year-over-year decrease since fiscal year 2019-2020. Other revenue streams showed mixed results during this period.

In alignment with standard practice, the Town utilized a conservative approach when developing the budget for the upcoming fiscal year. The property tax rate for fiscal year 2024-2025 was maintained at \$0.57 per \$100 taxable value. To address sustained cost pressures and facilitate critical infrastructure investments, the Town Council adopted a tax rate of \$0.630000 for the 2025-2026 fiscal year. This adjustment is projected to generate approximately 12.66% (\$326,897) in additional property tax revenue compared to the previous year.

For the 2025-2026 fiscal year, General Fund revenues are budgeted at \$6,505,369, a 1.3% increase over the previous year's budget. With continuing cost pressures and investments in infrastructure, the Town continues to maintain a conservative budgetary approach, ensuring that general fund expenditures remain balanced with anticipated revenues.

#### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information may be obtained by contacting the Town of Pantego, Attn: Finance Department, 1614 South Bowen Rd, Pantego, Texas 76013. This information can also be accessed on the Town of Pantego's website at [www.townofpantego.com](http://www.townofpantego.com).

## **BASIC FINANCIAL STATEMENTS**

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# TOWN OF PANTEGO, TEXAS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

|                                       | Primary Government         |                             |                      | Discretely<br>Presented<br>Component Unit<br>Pantego Economic<br>Development<br>Corporation |
|---------------------------------------|----------------------------|-----------------------------|----------------------|---------------------------------------------------------------------------------------------|
|                                       | Governmental<br>Activities | Business-Type<br>Activities | Total                |                                                                                             |
| <b>ASSETS</b>                         |                            |                             |                      |                                                                                             |
| Cash and cash equivalents             | \$ 13,074,647              | \$ 396,622                  | \$ 13,471,269        | \$ 1,273,065                                                                                |
| Receivables, net                      | 3,840,622                  | 376,854                     | 4,217,476            | 116,869                                                                                     |
| Inventory                             | 4,515                      | 38,935                      | 43,450               | 8,912                                                                                       |
| Prepays                               | 62,575                     | -                           | 62,575               | -                                                                                           |
| Restricted assets:                    |                            |                             |                      |                                                                                             |
| Cash and cash equivalents             | -                          | 121,235                     | 121,235              | -                                                                                           |
| Capital assets:                       |                            |                             |                      |                                                                                             |
| Nondepreciable                        | 211,263                    | 5,465,351                   | 5,676,614            | 132,041                                                                                     |
| Depreciable, net                      | <u>5,113,483</u>           | <u>4,807,085</u>            | <u>9,920,568</u>     | <u>1,227,744</u>                                                                            |
| Total assets                          | <u>22,307,105</u>          | <u>11,206,082</u>           | <u>33,513,187</u>    | <u>2,758,631</u>                                                                            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                            |                             |                      |                                                                                             |
| Pension related                       | 483,320                    | 62,373                      | 545,693              | -                                                                                           |
| OPEB related                          | <u>15,665</u>              | <u>2,021</u>                | <u>17,686</u>        | -                                                                                           |
| Total deferred outflows of resources  | <u>498,985</u>             | <u>64,394</u>               | <u>563,379</u>       | -                                                                                           |
| <b>LIABILITIES</b>                    |                            |                             |                      |                                                                                             |
| Accounts payable                      | 1,108,246                  | -                           | 1,108,246            | 8,750                                                                                       |
| Accrued liabilities                   | 133,234                    | -                           | 133,234              | -                                                                                           |
| Customer deposits                     | -                          | 121,235                     | 121,235              | -                                                                                           |
| Due to other governments              | 172,281                    | -                           | 172,281              | -                                                                                           |
| Accrued interest                      | 94,646                     | -                           | 94,646               | 14,297                                                                                      |
| Noncurrent liabilities:               |                            |                             |                      |                                                                                             |
| Due within one year                   |                            |                             |                      |                                                                                             |
| Long-term liabilities                 | 826,075                    | -                           | 826,075              | 40,000                                                                                      |
| Total OPEB liability                  | 3,393                      | 438                         | 3,831                | -                                                                                           |
| Due in more than one year             |                            |                             |                      |                                                                                             |
| Long-term liabilities                 | 17,942,745                 | -                           | 17,942,745           | 1,205,000                                                                                   |
| Net pension liability                 | 1,633,887                  | 210,854                     | 1,844,741            | -                                                                                           |
| Total OPEB liability                  | <u>151,847</u>             | <u>19,596</u>               | <u>171,443</u>       | -                                                                                           |
| Total Liabilities                     | <u>22,066,354</u>          | <u>352,123</u>              | <u>22,418,477</u>    | <u>1,268,047</u>                                                                            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |                             |                      |                                                                                             |
| Pension related                       | 160,212                    | 20,675                      | 180,887              | -                                                                                           |
| OPEB related                          | <u>31,275</u>              | <u>4,036</u>                | <u>35,311</u>        | -                                                                                           |
| Total deferred inflows of resources   | <u>191,487</u>             | <u>24,711</u>               | <u>216,198</u>       | -                                                                                           |
| <b>NET POSITION</b>                   |                            |                             |                      |                                                                                             |
| Net investment in capital assets      | 2,247,457                  | 10,272,436                  | 10,340,872           | 114,785                                                                                     |
| Restricted for:                       |                            |                             |                      |                                                                                             |
| Municipal court                       | 113,406                    | -                           | 113,406              | -                                                                                           |
| Animal control services               | 77,251                     | -                           | 77,251               | -                                                                                           |
| Infrastructure improvements           | -                          | 462,497                     | 462,497              | -                                                                                           |
| Unrestricted                          | <u>(1,889,865)</u>         | <u>158,709</u>              | <u>447,865</u>       | <u>1,375,799</u>                                                                            |
| Total net position                    | <u>\$ 548,249</u>          | <u>\$ 10,893,642</u>        | <u>\$ 11,441,891</u> | <u>\$ 1,490,584</u>                                                                         |

The notes to the financial statements are an integral part of these financial statements.

# TOWN OF PANTEGO, TEXAS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

| Functions/Programs                       | Expenses          | Program Revenues        |                                          |                                        |
|------------------------------------------|-------------------|-------------------------|------------------------------------------|----------------------------------------|
|                                          |                   | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| Primary government:                      |                   |                         |                                          |                                        |
| Governmental activities:                 |                   |                         |                                          |                                        |
| General government                       | \$ 1,495,334      | \$ 732,345              | \$ 3,842                                 | \$ -                                   |
| Public safety                            |                   |                         |                                          |                                        |
| Police                                   | 2,357,490         | 451,922                 | 3,350                                    | -                                      |
| Fire                                     | 1,847,840         | 148,698                 | -                                        | -                                      |
| Public works                             | 1,878,901         | -                       | -                                        | -                                      |
| Community development                    | 25,372            | 34,609                  | -                                        | -                                      |
| Interest                                 | <u>838,703</u>    | <u>-</u>                | <u>-</u>                                 | <u>-</u>                               |
| Total governmental activities            | <u>8,443,640</u>  | <u>1,367,574</u>        | <u>7,192</u>                             | <u>-</u>                               |
| Business-type activities:                |                   |                         |                                          |                                        |
| Water and sewer                          | <u>1,702,055</u>  | <u>1,556,891</u>        | <u>-</u>                                 | <u>528,977</u>                         |
| Total business-type activities           | <u>1,702,055</u>  | <u>1,556,891</u>        | <u>-</u>                                 | <u>528,977</u>                         |
| Total primary government                 | <u>10,145,695</u> | <u>2,924,465</u>        | <u>7,192</u>                             | <u>528,977</u>                         |
| Component unit:                          |                   |                         |                                          |                                        |
| Pantego Economic Development Corporation | \$ <u>892,077</u> | \$ <u>-</u>             | \$ <u>-</u>                              | \$ <u>-</u>                            |
| Total component unit                     | <u>\$ 892,077</u> | <u>\$ -</u>             | <u>\$ -</u>                              | <u>\$ -</u>                            |

### General revenues:

Property taxes  
Sales taxes  
Franchise tax  
Investment earnings  
Miscellaneous

### Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

| Net (Expense) Revenue and Changes in Net Position |                             |               | Discretely<br>Presented<br>Component Unit      |
|---------------------------------------------------|-----------------------------|---------------|------------------------------------------------|
| Primary Government                                |                             |               | Pantego Economic<br>Development<br>Corporation |
| Governmental<br>Activities                        | Business-type<br>Activities | Total         |                                                |
| \$ (759,147)                                      | \$ -                        | \$ (759,147)  | \$ -                                           |
| (1,902,218)                                       | -                           | (1,902,218)   | -                                              |
| (1,699,142)                                       | -                           | (1,699,142)   | -                                              |
| (1,878,901)                                       | -                           | (1,878,901)   | -                                              |
| 9,237                                             | -                           | 9,237         | -                                              |
| (838,703)                                         | -                           | (838,703)     | -                                              |
| (7,068,874)                                       | -                           | (7,068,874)   | -                                              |
| -                                                 | 383,813                     | 383,813       | -                                              |
| -                                                 | 383,813                     | 383,813       | -                                              |
| (7,068,874)                                       | 383,813                     | (6,685,061)   | -                                              |
|                                                   |                             |               | (892,077)                                      |
|                                                   |                             |               | (892,077)                                      |
| 2,519,592                                         | -                           | 2,519,592     | -                                              |
| 2,198,318                                         | -                           | 2,198,318     | 729,487                                        |
| 286,632                                           | -                           | 286,632       | -                                              |
| 1,793,347                                         | 25,293                      | 1,818,640     | 56,563                                         |
| 38,823                                            | -                           | 38,823        | 6,652                                          |
| (1,280,147)                                       | 1,280,147                   | -             | -                                              |
| 5,556,565                                         | 1,305,440                   | 6,862,005     | 792,702                                        |
| (1,512,309)                                       | 1,689,253                   | 176,944       | (99,375)                                       |
| 2,060,558                                         | 9,204,389                   | 11,264,947    | 1,589,959                                      |
| \$ 548,249                                        | \$ 10,893,642               | \$ 11,441,891 | \$ 1,490,584                                   |

# TOWN OF PANTEGO, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

|                                                              | General<br>Fund         | 2025 Capital<br>Projects | 2023 Capital<br>Projects |
|--------------------------------------------------------------|-------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                                |                         |                          |                          |
| Cash and cash equivalents                                    | \$ 851,319              | \$ -                     | \$ 10,921,812            |
| Receivables, net:                                            |                         |                          |                          |
| Property taxes                                               | 5,317                   | -                        | -                        |
| Sales taxes                                                  | 291,766                 | -                        | -                        |
| Franchise taxes                                              | 157,626                 | -                        | -                        |
| Fines                                                        | 239,581                 | -                        | -                        |
| Accounts                                                     | 85,276                  | -                        | -                        |
| Bonds                                                        | -                       | 3,001,965                | -                        |
| Inventory                                                    | 4,515                   | -                        | -                        |
| Prepaid items                                                | 62,575                  | -                        | -                        |
| Total assets                                                 | <u>1,697,975</u>        | <u>3,001,965</u>         | <u>10,921,812</u>        |
| <b>LIABILITIES</b>                                           |                         |                          |                          |
| Accounts payable                                             | 370,188                 | -                        | 736,179                  |
| Accrued liabilities                                          | 133,234                 | -                        | -                        |
| Due to other governments                                     | 172,281                 | -                        | -                        |
| Total liabilities                                            | <u>675,703</u>          | <u>-</u>                 | <u>736,179</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                         |                         |                          |                          |
| Unavailable revenue:                                         |                         |                          |                          |
| Property taxes                                               | 4,411                   | -                        | -                        |
| Fines                                                        | 239,581                 | -                        | -                        |
| Franchise tax                                                | 146,852                 | -                        | -                        |
| Ambulance                                                    | 59,675                  | -                        | -                        |
| Total inflows of resources                                   | <u>450,519</u>          | <u>-</u>                 | <u>-</u>                 |
| <b>FUND BALANCES</b>                                         |                         |                          |                          |
| Nonspendable:                                                |                         |                          |                          |
| Inventory                                                    | 4,515                   | -                        | -                        |
| Prepaid items                                                | 62,575                  | -                        | -                        |
| Restricted:                                                  |                         |                          |                          |
| Debt service                                                 | -                       | -                        | -                        |
| Municipal court                                              | -                       | -                        | -                        |
| Animal control services                                      | -                       | -                        | -                        |
| Capital projects                                             | -                       | 3,001,965                | 10,185,633               |
| Committed:                                                   |                         |                          |                          |
| Street improvements                                          | -                       | -                        | -                        |
| Equipment replacment                                         | -                       | -                        | -                        |
| Unassigned                                                   | 504,663                 | -                        | -                        |
| Total fund balances                                          | <u>571,753</u>          | <u>3,001,965</u>         | <u>10,185,633</u>        |
| <br>Total liabilities, deferred inflows<br>and fund balances | <br><u>\$ 1,697,975</u> | <br><u>\$ 3,001,965</u>  | <br><u>\$ 10,921,812</u> |

The notes to the financial statements are an integral part of these financial statements.

| Debt<br>Service  | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------|--------------------------------|--------------------------------|
| \$ 17,041        | \$ 1,284,475                   | \$ 13,074,647                  |
| 738              | -                              | 6,055                          |
| -                | 58,353                         | 350,119                        |
| -                | -                              | 157,626                        |
| -                | -                              | 239,581                        |
| -                | -                              | 85,276                         |
| -                | -                              | 3,001,965                      |
| -                | -                              | 4,515                          |
| -                | -                              | 62,575                         |
| <u>17,779</u>    | <u>1,342,828</u>               | <u>16,982,359</u>              |
| -                | 1,879                          | 1,108,246                      |
| -                | -                              | 133,234                        |
| -                | -                              | 172,281                        |
| <u>-</u>         | <u>1,879</u>                   | <u>1,413,761</u>               |
| 1,106            | -                              | 5,517                          |
| -                | -                              | 239,581                        |
| -                | -                              | 146,852                        |
| -                | -                              | 59,675                         |
| <u>1,106</u>     | <u>-</u>                       | <u>451,625</u>                 |
| -                | -                              | 4,515                          |
| -                | -                              | 62,575                         |
| 16,673           | -                              | 16,673                         |
| -                | 113,406                        | 113,406                        |
| -                | 77,251                         | 77,251                         |
| -                | -                              | 13,187,598                     |
| -                | 741,509                        | 741,509                        |
| -                | 408,783                        | 408,783                        |
| -                | -                              | 504,663                        |
| <u>16,673</u>    | <u>1,340,949</u>               | <u>15,116,973</u>              |
| <u>\$ 17,779</u> | <u>\$ 1,342,828</u>            | <u>\$ 16,982,359</u>           |

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**TOWN OF PANTEGO, TEXAS**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION**

SEPTEMBER 30, 2025

|                                                                                                                                                                                                                                                                                                                                                                |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Total Fund Balances - Governmental Funds                                                                                                                                                                                                                                                                                                                       | \$ 15,116,973     |
| Amount reported for governmental activities in the statement of net position are different because:                                                                                                                                                                                                                                                            |                   |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                                                                                                                                                    |                   |
| Capital assets                                                                                                                                                                                                                                                                                                                                                 | 20,455,882        |
| Accumulated depreciation                                                                                                                                                                                                                                                                                                                                       | (15,131,136)      |
| Long-term liabilities, including bonds payable, that are not due and payable in the current period, and, therefore are not reported as liabilities in the funds.                                                                                                                                                                                               |                   |
| Leases                                                                                                                                                                                                                                                                                                                                                         | (357,089)         |
| Financed purchase                                                                                                                                                                                                                                                                                                                                              | (374,347)         |
| Certificates of obligation                                                                                                                                                                                                                                                                                                                                     | (16,995,000)      |
| Interest payable on long-term debt                                                                                                                                                                                                                                                                                                                             | (94,646)          |
| Compensated absences                                                                                                                                                                                                                                                                                                                                           | (284,790)         |
| Net pension liability                                                                                                                                                                                                                                                                                                                                          | (1,633,887)       |
| Total OPEB liability                                                                                                                                                                                                                                                                                                                                           | (155,240)         |
| Unavailable revenue is not available to pay for current period expenditures and therefore, are deferred in the governmental funds.                                                                                                                                                                                                                             |                   |
| Property taxes                                                                                                                                                                                                                                                                                                                                                 | 5,517             |
| Fines                                                                                                                                                                                                                                                                                                                                                          | 239,581           |
| Franchise tax                                                                                                                                                                                                                                                                                                                                                  | 146,852           |
| Ambulance                                                                                                                                                                                                                                                                                                                                                      | 59,675            |
| Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.                                                                                                                                                                                 |                   |
| Premium on bonds                                                                                                                                                                                                                                                                                                                                               | (757,594)         |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. |                   |
| Deferred outflows - pension related                                                                                                                                                                                                                                                                                                                            | 483,320           |
| Deferred outflows - OPEB related                                                                                                                                                                                                                                                                                                                               | 15,665            |
| Deferred inflows - pension related                                                                                                                                                                                                                                                                                                                             | (160,212)         |
| Deferred inflows - OPEB related                                                                                                                                                                                                                                                                                                                                | (31,275)          |
| Net Position of Governmental Activities                                                                                                                                                                                                                                                                                                                        | <u>\$ 548,249</u> |

**TOWN OF PANTEGO, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                                                       | General<br>Fund   | 2025 Capital<br>Projects | 2023 Capital<br>Projects |
|-----------------------------------------------------------------------|-------------------|--------------------------|--------------------------|
| <b>REVENUES</b>                                                       |                   |                          |                          |
| Property taxes                                                        | \$ 1,910,489      | \$ -                     | \$ -                     |
| Sales taxes                                                           | 1,833,574         | -                        | -                        |
| Franchise tax                                                         | 286,632           | -                        | -                        |
| Fines and forfeitures                                                 | 482,532           | -                        | -                        |
| Licenses and permits                                                  | 158,440           | -                        | -                        |
| Charges for services                                                  | 128,080           | -                        | -                        |
| Intergovernmental                                                     | 550,964           | -                        | -                        |
| Investment earnings                                                   | 46,205            | -                        | 1,663,390                |
| Miscellaneous                                                         | 302               | -                        | -                        |
| Total revenues                                                        | <u>5,397,218</u>  | <u>-</u>                 | <u>1,663,390</u>         |
| <b>EXPENDITURES</b>                                                   |                   |                          |                          |
| Current:                                                              |                   |                          |                          |
| General government                                                    | 1,366,690         | -                        | -                        |
| Public safety:                                                        |                   |                          |                          |
| Police                                                                | 2,090,307         | -                        | -                        |
| Fire                                                                  | 1,631,145         | -                        | -                        |
| Public works                                                          | 619,052           | -                        | -                        |
| Community development                                                 | 23,020            | -                        | -                        |
| Capital outlay                                                        | 58,979            | -                        | 1,965,021                |
| Debt service:                                                         |                   |                          |                          |
| Principal                                                             | -                 | -                        | -                        |
| Interest and fiscal charges                                           | -                 | 167,434                  | -                        |
| Total expenditures                                                    | <u>5,789,193</u>  | <u>167,434</u>           | <u>1,965,021</u>         |
| Excess (deficiency) of revenues<br>over (under) expenditures          | <u>(391,975)</u>  | <u>(167,434)</u>         | <u>(301,631)</u>         |
| <b>OTHER FINANCING SOURCES (USES)</b>                                 |                   |                          |                          |
| Transfers in                                                          | -                 | -                        | -                        |
| Issuance of bonds                                                     | -                 | 3,095,000                | -                        |
| Premium on issuance of bonds                                          | -                 | 74,399                   | -                        |
| Issuance of leases                                                    | -                 | -                        | -                        |
| Insurance recoveries                                                  | 21,294            | -                        | -                        |
| Sale of capital assets                                                | -                 | -                        | -                        |
| Total other financing sources (uses)                                  | <u>21,294</u>     | <u>3,169,399</u>         | <u>-</u>                 |
| <b>CHANGE IN FUND BALANCE</b>                                         | <u>(370,681)</u>  | <u>3,001,965</u>         | <u>(301,631)</u>         |
| <b>FUND BALANCE - BEGINNING, AS<br/>PREVIOUSLY REPORTED</b>           | 942,434           | -                        | 10,487,264               |
| <b>ADJUSTMENTS - CHANGE WITHIN THE<br/>FINANCIAL REPORTING ENTITY</b> | <u>-</u>          | <u>-</u>                 | <u>-</u>                 |
| <b>FUND BALANCE - BEGINNING, AS RESTATED</b>                          | <u>942,434</u>    | <u>-</u>                 | <u>10,487,264</u>        |
| <b>FUND BALANCE - ENDING</b>                                          | <u>\$ 571,753</u> | <u>\$ 3,001,965</u>      | <u>\$ 10,185,633</u>     |

The notes to the financial statements are an integral part of these financial statements.

| Equipment Replacement | Debt Service     | Other Governmental Funds | Total Governmental Funds |
|-----------------------|------------------|--------------------------|--------------------------|
|                       | \$ 643,712       | \$ -                     | \$ 2,554,201             |
|                       | -                | 364,744                  | 2,198,318                |
|                       | -                | -                        | 286,632                  |
|                       | -                | 16,755                   | 499,287                  |
|                       | -                | -                        | 158,440                  |
|                       | -                | -                        | 128,080                  |
|                       | -                | -                        | 550,964                  |
|                       | 12,135           | 71,617                   | 1,793,347                |
|                       | -                | -                        | 302                      |
|                       | <u>655,847</u>   | <u>453,116</u>           | <u>8,169,571</u>         |
|                       | -                | 27,811                   | 1,394,501                |
|                       | -                | -                        | 2,090,307                |
|                       | -                | -                        | 1,631,145                |
|                       | -                | 647,455                  | 1,266,507                |
|                       | -                | 2,352                    | 25,372                   |
|                       | -                | 365,556                  | 2,389,556                |
|                       | 495,000          | 257,118                  | 752,118                  |
|                       | <u>640,113</u>   | <u>61,522</u>            | <u>869,069</u>           |
|                       | <u>1,135,113</u> | <u>1,361,814</u>         | <u>10,418,575</u>        |
|                       | <u>(479,266)</u> | <u>(908,698)</u>         | <u>(2,249,004)</u>       |
|                       | 479,231          | -                        | 479,231                  |
|                       | -                | -                        | 3,095,000                |
|                       | -                | -                        | 74,399                   |
|                       | -                | 61,505                   | 61,505                   |
|                       | -                | -                        | 21,294                   |
|                       | -                | 17,227                   | 17,227                   |
|                       | <u>479,231</u>   | <u>78,732</u>            | <u>3,748,656</u>         |
|                       | <u>(35)</u>      | <u>(829,966)</u>         | <u>1,499,652</u>         |
| 883,063               | 16,708           | 1,287,852                | 13,617,321               |
| <u>(883,063)</u>      | <u>-</u>         | <u>883,063</u>           | <u>-</u>                 |
| <u>-</u>              | <u>16,708</u>    | <u>2,170,915</u>         | <u>13,617,321</u>        |
| <u>\$ -</u>           | <u>\$ 16,673</u> | <u>\$ 1,340,949</u>      | <u>\$ 15,116,973</u>     |

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**TOWN OF PANTEGO, TEXAS**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Total net change in Fund Balances - Governmental Funds \$ 1,499,652

Amounts reported for governmental activities in the statement of activities are different because:

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the current year capital outlays is to increase net position.

602,811

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.

(898,555)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net position.

Issuance of lease

(61,505)

Issuance of certificate of obligation

(3,095,000)

Premium on issuance of certificate of obligation

(74,399)

Principal paid on long-term debt

788,519

Revenues and expenditures in the statement of activities that do not provide or use current financial resources are not reported as revenues and expenses in the governmental funds.

Property taxes

(34,609)

Fines

10,345

Ambulance

27,650

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Interest on long-term debt

(6,035)

Compensated absences

(108,618)

Pension expense

(168,224)

OPEB expense

5,659

Total change in net position of Governmental Activities \$ (1,512,309)

**TOWN OF PANTEGO, TEXAS**STATEMENT OF NET POSITION  
PROPRIETARY FUND

SEPTEMBER 30, 2025

|                                                       | Business-Type<br>Activities |
|-------------------------------------------------------|-----------------------------|
|                                                       | <u>Water and Sewer Fund</u> |
| <b>ASSETS</b>                                         |                             |
| Current assets:                                       |                             |
| Cash and cash equivalents                             | \$ 396,622                  |
| Accounts receivable, net                              | 376,854                     |
| Inventory                                             | 38,935                      |
| Restricted assets:                                    |                             |
| Cash and cash equivalents                             | <u>121,235</u>              |
| Total current assets                                  | <u>933,646</u>              |
| Noncurrent assets:                                    |                             |
| Capital assets:                                       |                             |
| Nondepreciable                                        | 5,465,351                   |
| Depreciable, net                                      | <u>4,807,085</u>            |
| Total noncurrent assets                               | <u>10,272,436</u>           |
| Total assets                                          | <u>11,206,082</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                             |
| Pension related                                       | 62,373                      |
| OPEB related                                          | <u>2,021</u>                |
| Total deferred outflows of resources                  | <u>64,394</u>               |
| <b>LIABILITIES</b>                                    |                             |
| Current liabilities (payable from restricted assets): |                             |
| Customer deposits                                     | 121,235                     |
| OPEB liability                                        | <u>438</u>                  |
| Total current liabilities                             | <u>121,673</u>              |
| Noncurrent liabilities:                               |                             |
| Net pension liability                                 | 210,854                     |
| OPEB liability                                        | <u>19,596</u>               |
| Total noncurrent liabilities                          | <u>230,450</u>              |
| Total liabilities                                     | <u>352,123</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                             |
| Pension related                                       | 20,675                      |
| OPEB related                                          | <u>4,036</u>                |
| Total deferred inflows of resources                   | <u>24,711</u>               |
| <b>NET POSITION</b>                                   |                             |
| Net investment in capital assets                      | 10,272,436                  |
| Restricted for infrastructure improvements            | 462,497                     |
| Unrestricted                                          | <u>158,709</u>              |
| Total net position                                    | <u>\$ 10,893,642</u>        |

**TOWN OF PANTEGO, TEXAS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|                                                          | <u>Business-Type<br/>Activities<br/>Water and Sewer Fund</u> |
|----------------------------------------------------------|--------------------------------------------------------------|
| <b>OPERATING REVENUES</b>                                |                                                              |
| Charges for services:                                    |                                                              |
| Water sales                                              | \$ 733,472                                                   |
| Sewer charges                                            | 795,510                                                      |
| Miscellaneous                                            | 27,909                                                       |
| Total revenues                                           | <u>1,556,891</u>                                             |
| <b>OPERATING EXPENSES</b>                                |                                                              |
| Personnel services                                       | 531,347                                                      |
| Contractual services                                     | 753,564                                                      |
| Materials and supplies                                   | 57,532                                                       |
| Depreciation                                             | 359,612                                                      |
| Total expenses                                           | <u>1,702,055</u>                                             |
| Operating income (loss)                                  | <u>(145,164)</u>                                             |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                 |                                                              |
| Investment earnings                                      | <u>25,293</u>                                                |
| Total non-operating revenues (expenses)                  | <u>25,293</u>                                                |
| Income (loss) before capital contributions and transfers | (119,871)                                                    |
| Capital contributions - impact fees                      | 528,977                                                      |
| Capital contributions - capital assets                   | 1,759,378                                                    |
| Transfers out                                            | <u>(479,231)</u>                                             |
| <b>CHANGE IN NET POSITION</b>                            | 1,689,253                                                    |
| <b>NET POSITION - BEGINNING</b>                          | <u>9,204,389</u>                                             |
| <b>NET POSITION - END OF YEAR</b>                        | <u>\$ 10,893,642</u>                                         |

**TOWN OF PANTEGO, TEXAS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                                                                                       | Business-Type<br>Activities |
|-------------------------------------------------------------------------------------------------------|-----------------------------|
|                                                                                                       | Water and Sewer Fund        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                           |                             |
| Receipts from customers                                                                               | \$ 1,455,745                |
| Payments to employees                                                                                 | (480,866)                   |
| Payments to suppliers                                                                                 | (811,096)                   |
| Net cash provided (used) by operating activities                                                      | <u>163,783</u>              |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                                |                             |
| Payments to other funds                                                                               | <u>(479,231)</u>            |
| Net cash provided (used) by noncapital financing activities                                           | <u>(479,231)</u>            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                       |                             |
| Capital contributions                                                                                 | <u>528,977</u>              |
| Net cash provided (used) by capital and related financing activities                                  | <u>528,977</u>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                           |                             |
| Interest on investments                                                                               | <u>25,293</u>               |
| Net cash provided (used) by investing activities                                                      | <u>25,293</u>               |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                           | 238,822                     |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>                                                           | <u>279,035</u>              |
| <b>CASH AND CASH EQUIVALENTS, ENDING</b>                                                              | <u><u>\$ 517,857</u></u>    |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  |                             |
| Operating income (loss)                                                                               | \$ (145,164)                |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                             |
| Depreciation                                                                                          | 359,612                     |
| (Increase) decrease in:                                                                               |                             |
| Accounts receivable                                                                                   | (102,470)                   |
| Deferred outflows of resources                                                                        | 22,199                      |
| Increase (decrease) in:                                                                               |                             |
| Customer deposits                                                                                     | 1,324                       |
| Net pension liability                                                                                 | 9,016                       |
| Net OPEB liability                                                                                    | 3,122                       |
| Deferred inflows of resources                                                                         | <u>16,144</u>               |
| Total adjustments                                                                                     | <u>308,947</u>              |
| Net cash provided (used) by operating activities                                                      | <u><u>\$ 163,783</u></u>    |
| <b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                  |                             |
| Contributions of capital assets                                                                       | \$ 1,759,378                |

The notes to the financial statements are an integral part of these financial statements.

## **TOWN OF PANTEGO, TEXAS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

The Town of Pantego, Texas (the "Town") was incorporated January 5, 1952. and operates under a Council Manager form of government providing the following services as a duly incorporated general law town as authorized by the general laws of the State of Texas and subsequent Town ordinances: public safety (police, fire and ambulance), streets and bridges, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Town of Pantego, Texas, conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board, which is the recognized financial accounting standard setting body of governmental entities. The notes to the financial statements are an integral part of the Town's financial statements.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the Town and its component units, entities for which the Town is considered financially accountable or other organizations whose nature and significant relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Town is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town.

The financial statements include one discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

##### **Discretely Presented Component Unit**

The Pantego Economic Development Corporation (PEDC) was created under the Development Corporation Act of 1979 and is governed by Section 48 of the Act. The PEDC is governed by a Board of Directors comprised of appointed members of Town Council and members appointed by the Town Council. Capital improvement projects undertaken by the PEDC are for the benefit of the Town. The PEDC may not issue debt without approval of the voters of the Town and the Town Council. The Town must approve changes to the PEDC's articles of incorporation, may unilaterally terminate the PEDC and has residual interest in the net position of the PEDC. The PEDC is reported as a discretely presented component unit in the statement of net positions and statement of activities.

Governmental accounting standards require reasonable separation between the primary government, and its discretely presented component units, both in the financial statements and in the related notes. Because discretely presented component units, although legally separate, have been and are operated as if each is part of the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

##### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the primary government and its blended component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, inventories of materials and supplies are considered expenditures when used and debt service expenditures, as well as expenditures related to accumulated unpaid sick pay, are recorded only when payment is due.

Property and taxpayer-assessed taxes estimated to be collectible within sixty days after balance sheet date, interest, and expenditure driven grants are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **2025 Capital Projects Fund** was created to account for expenditures to provide upgrades to the Town's water system. The Certificates of Obligation are currently being serviced by ad valorem taxes.

The **2023 Capital Projects Fund** was created to account for expenditures to provide upgrades to the Town's water system. The Certificates of Obligation are currently being serviced by ad valorem taxes.

The **Equipment Replacement Fund** was created to account for resources used for the acquisition or construction of general major capital facilities and equipment for various governmental departments of the Town, other than those financed by enterprise funds.

The Town reports the following major enterprise fund:

The **Utility Fund** is used to account for the provision of water and sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, capital improvements, billing and collection.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

The **Capital Projects Funds** account for resources to be used for the construction of capital assets, or for the acquisition of replacement equipment.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's utility function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services and the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the utility fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

#### **D. Cash, Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The Town has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the Town is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

#### **E. Receivables and Payables**

All receivables are shown net of allowance for uncollectible accounts. The allowances for uncollectible accounts are based upon historical experience. Property tax and municipal court allowance for uncollectible accounts are equal to approximately 60% and 15% of the outstanding balance at September 30, and the ambulance allowance consists of accounts aged more than 120 days. The allowance for the water and sewer accounts receivable is equal to the accounts receivable that are aged ninety days or more as of September 30.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivables in excess of sixty days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is based on historical collection experience.

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Tarrant Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Tarrant County Tax Assessor/Collector bills and collects the Town's property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time, substantially all property taxes are collected.

#### **F. Inventories and Prepaid Items**

Inventories consist of expendable supplies held for consumption. The inventory of supplies are recorded under the purchase method. Under the purchase method the inventory is first recorded as an expense when purchased and then adjusted at the end of the year to reflect the value of inventory to date. Inventories, which are expensed as they are consumed, are stated at cost. In the General Fund, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### **G. Restricted Assets**

Cash received from utility customer deposits are classified as restricted assets on the balance sheet because they will ultimately be paid back to the customer upon the closing of their account, and the funds are restricted for that purpose alone.

#### **H. Capital Assets**

Capital assets, which include land, buildings, improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), purchased or acquired, are carried at historical cost or estimated historical cost if historical cost is not available. Donated capital assets, donated works of art and similar items, and any capital assets received in a service concession arrangement are reported at acquisition value, as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

The Town defines capital assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Intangible assets with definite lives are recorded at cost and amortized over the useful lives. Intangible assets with indefinite lives are recorded at cost and no amortization is taken.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

| Asset Type                               | Number of Years |
|------------------------------------------|-----------------|
| Buildings                                | 5-50            |
| Improvements other than buildings        | 3-30            |
| Machinery, equipment and furniture       | 3-10            |
| Water & sewer system infrastructure      | 5-50            |
| Street and storm drainage infrastructure | 10-40           |
| Right to use equipment                   | 2-5             |

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during the construction phase of capital assets of business-type activities is capitalized.

#### **I. Compensated Absences**

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave in accordance with its personnel policies. Liabilities for compensated absences are recognized when the benefits are more likely than not to be used for time off or otherwise paid to employees. The liability represents amounts attributable to services already rendered by employees, based on the Town's historical experience and current leave policies. Such liabilities are accrued in the government-wide and proprietary fund financial statements.

#### **J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet – These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

## **K. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Leases**

The Town has entered into various lease agreements as lessee. Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

**Lessee.** The Town is a lessee for noncancellable leases of equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

## **L. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **M. Other Post-Employment Benefits**

For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, Town-specific information about its total TMRS SDBF liability and additions to/deductions from the Town's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

## **N. Net Position and Fund Balance**

In the government-wide and proprietary fund financial statements, the Town reports restrictions of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Net investment in capital assets represents the Town's investment in the book value of capital assets, less any unspent proceeds from capital-related debt issuances. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balance categorized as follows:

***Nonspendable*** fund balance includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid items.

***Restricted*** fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long-term debt, construction programs and other federal and state grants.

***Committed*** fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the Town Council. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments.

***Assigned*** fund balance includes fund balance amounts that are self-imposed by the Town to be used for a particular purpose. Fund balance can be assigned by the Town Council, the Town Manager, or the Finance Director. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

***Unassigned*** fund balance includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

### **Net Position Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## **Fund Balance Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## **Minimum Fund Balance Policy**

It is the goal of the Town that unassigned fund balance of the General Fund should be at least 90 days (24.66%) of General Fund annual expenditures. In order to adhere to the principles of matching current revenues with current expenditures and minimizing property taxes, the Town will take action to reduce fund balance as stated in the Town's current financial policy, if the unassigned fund balance grows beyond 120 days of expenditures. As of September 30, 2025, the General Fund had approximately 32 days or 8.7% of annual expenditures in the unassigned fund balance.

### **O. Management's Use of Estimates**

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amount of assets, deferred resource outflows, liabilities, deferred resource inflows, and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

## **II. DETAILED NOTES ON ALL FUNDS**

### **Deposits and Investments**

Statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. Agencies, municipal bonds, managed public fund investment pools, and certificates of deposit. The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as Texas Short-term Reserve Fund ("TexStar"), Local Government Investment Cooperative ("LOGIC"), TexasDAILY, and Lone Star Investment Pool ("Lone Star"), through which political subdivisions and other entities may invest public funds.

TexPool and TexSTAR have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

At September 30, 2025, the Town had the following investments which are considered cash equivalents:

|                      | Carrying<br>Value    | Weighted<br>Average Maturity<br>(days) |
|----------------------|----------------------|----------------------------------------|
| Investment Pool:     |                      |                                        |
| TexPool (Town)       | \$ 926,695           | 44                                     |
| TexPool Prime (Town) | 1,676,165            | 44                                     |
| LOGIC (Town)         | 11,616,425           | 52                                     |
| LOGIC (PEDC)         | 339,561              | 52                                     |
| Total                | <u>\$ 14,558,846</u> |                                        |

*Interest rate risk:* In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk:* The Town 's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2025, the Town 's investment in investment pools were rated AAAM and AAA by Standard & Poor's.

*Custodial credit risk* — Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy requires that all deposits with financial institutions must be collateralized to the extent not protected by the Federal Deposit Insurance Corporation ("FDIC") insurance. The PEDC deposits are secured by a separate pledge of securities and FDIC insurance. At September 30, 2025, the Town's deposits and those of the Pantego Economic Development Corporation were covered by FDIC insurance or by collateral held by the bank's agent in the Town's name.

*Custodial credit risk — investments:* The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Town to adopt, implement and publicize an investment policy. This policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation references for certificates of deposit.

The Town's investment policy authorizes the Town to invest in obligations of the United States government and its agencies and instrumentalities, fully insured or collateralized certificates of deposit, repurchase agreements not to exceed 90 days to stated maturity, AAA-rated, SEC registered money market funds, AAA-rated Texas local government investment pools, and other interest bearing accounts at the Town's depository. During the year ended September 30, 2025, the Town did not own any types of securities other than those permitted by statute.

The Town invests idle funds in the Texas Local Government Investment Pools: TexPool, TexPool Prime, and Logic. These government investment pools operate in a manner consistent with the SEC's Rule 2A7 of the Investment Act of 1940. The Pools are required to maintain market value of its underlying investment portfolio within one half of one percent of the value of its shares.

*Interest Rate Risk* - Interest rate risk is the risk that changes in the market place will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In order to limit interest and market rate risk from changes in interest rates, the Town of Pantego's adopted Investment Policy sets the weighted average maturity (WAM) limit to one (1) year for operating funds and two (2) years for non-operating funds.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating agency. A primary stated objective of the Town of Pantego's adopted Investment Policy is the safety of principal and avoidance of principal loss. The Town controls risk by limiting its investments to those instruments allowed by its investment policy.

Concentration Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. It is the policy of the Town of Pantego to diversify its investment portfolios. Whenever practical, assets held in the common investment portfolio shall be diversified to minimize the risk of loss resulting from one concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

Custodial Credit Risk- *Investments*- In order to control custody and safekeeping risk State law and the Town of Pantego's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Town and held in the Town's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of U.S. Financial Institutions Resource and Recovery Enforcement Act ("FIRREA"). The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

### **Accounts Receivable**

The Town's accounts receivable as of September 30, 2025 consisted of the following:

|                                               | General<br>Fund   | Debt<br>Service | Water and<br>Sewer | PEDC              | Nonmajor<br>Governmental | Total               |
|-----------------------------------------------|-------------------|-----------------|--------------------|-------------------|--------------------------|---------------------|
| Property taxes                                | \$ 106,339        | \$ 14,769       | \$ -               | \$ -              | \$ -                     | \$ 121,108          |
| Sales tax                                     | 291,766           | -               | -                  | 116,706           | 58,353                   | 466,825             |
| Franchise tax                                 | 157,626           | -               | -                  | -                 | -                        | 157,626             |
| Ambulance                                     | 201,085           | -               | -                  | -                 | -                        | 201,085             |
| Utilities                                     | 30,766            | -               | 441,110            | -                 | -                        | 471,876             |
| Fines                                         | 440,219           | -               | -                  | -                 | -                        | 440,219             |
| Other                                         | <u>2,742</u>      | <u>-</u>        | <u>-</u>           | <u>2,907</u>      | <u>-</u>                 | <u>5,649</u>        |
| Total gross receivables                       | 1,230,543         | 14,769          | 441,110            | 119,613           | 58,353                   | 1,864,388           |
| Less: allowance for<br>uncollectible accounts | <u>(450,977)</u>  | <u>(14,031)</u> | <u>(64,256)</u>    | <u>(2,744)</u>    | <u>-</u>                 | <u>(532,008)</u>    |
| Total net receivables                         | <u>\$ 779,566</u> | <u>\$ 738</u>   | <u>\$ 376,854</u>  | <u>\$ 116,869</u> | <u>\$ 58,353</u>         | <u>\$ 1,332,380</u> |

## Capital Assets

Capital asset activity for the year ended September 30, 2025 was as follows:

|                                                    | Beginning<br>Balance | Additions    | Transfers/<br>Retirements | Ending<br>Balance |
|----------------------------------------------------|----------------------|--------------|---------------------------|-------------------|
| Governmental activities:                           |                      |              |                           |                   |
| Capital assets not being depreciated:              |                      |              |                           |                   |
| Land                                               | \$ 211,263           | \$ -         | \$ -                      | \$ 211,263        |
| Construction in progress                           | 98,989               | 1,855,648    | (1,954,637)               | -                 |
| Total capital assets not being depreciated         | 310,252              | 1,855,648    | (1,954,637)               | 211,263           |
| Capital assets being depreciated:                  |                      |              |                           |                   |
| Buildings                                          | 2,229,529            | -            | -                         | 2,229,529         |
| Improvements other than buildings                  | 2,422,207            | -            | -                         | 2,422,207         |
| Machinery and equipment                            | 3,099,738            | 35,443       | (311,787)                 | 2,823,394         |
| Right to use equipment                             | 714,418              | 61,505       | 426,010                   | 1,201,933         |
| Infrastructure                                     | 11,157,963           | 409,593      | -                         | 11,567,556        |
| Total assets being depreciated                     | 19,623,855           | 506,541      | 114,223                   | 20,244,619        |
| Less accumulated depreciation for:                 |                      |              |                           |                   |
| Buildings                                          | (1,576,853)          | (46,400)     | -                         | (1,623,253)       |
| Improvements other than buildings                  | (1,567,439)          | (123,818)    | -                         | (1,691,257)       |
| Machinery and equipment                            | (1,909,205)          | (197,078)    | -                         | (2,106,283)       |
| Right to use equipment                             | (220,703)            | (285,435)    | -                         | (506,138)         |
| Infrastructure                                     | (9,039,417)          | (245,824)    | 81,036                    | (9,204,205)       |
| Total accumulated depreciation                     | (14,313,617)         | (898,555)    | 81,036                    | (15,131,136)      |
| Total capital assets being depreciated, net        | 5,310,238            | (392,014)    | 195,259                   | 5,113,483         |
| Total governmental activities capital assets, net  | \$ 5,620,490         | \$ 1,463,634 | \$ (1,759,378)            | \$ 5,324,746      |
| Business-type activities:                          |                      |              |                           |                   |
| Capital assets, not being depreciated:             |                      |              |                           |                   |
| Land                                               | \$ 384,461           | \$ -         | \$ -                      | \$ 384,461        |
| Construction in progress                           | 3,609,616            | 1,759,378    | (288,104)                 | 5,080,890         |
| Total capital assets, not being depreciated        | 3,994,077            | 1,759,378    | (288,104)                 | 5,465,351         |
| Capital assets being depreciated:                  |                      |              |                           |                   |
| Equipment                                          | -                    | -            | 288,104                   | 288,104           |
| Improvements other than buildings                  | 8,487,200            | -            | -                         | 8,487,200         |
| Total assets being depreciated                     | 8,487,200            | -            | 288,104                   | 8,775,304         |
| Less accumulated depreciation for:                 |                      |              |                           |                   |
| Equipment                                          | -                    | -            | -                         | -                 |
| Improvements other than buildings                  | (3,608,607)          | (359,612)    | -                         | (3,968,219)       |
| Total accumulated depreciation                     | (3,608,607)          | (359,612)    | -                         | (3,968,219)       |
| Total capital assets being depreciated, net        | 4,878,593            | (359,612)    | 288,104                   | 4,807,085         |
| Total business-type activities capital assets, net | \$ 8,872,670         | \$ 1,399,766 | \$ -                      | \$ 10,272,436     |
| Component Unit:                                    |                      |              |                           |                   |
| Capital assets, not being depreciated:             |                      |              |                           |                   |
| Construction in progress                           | \$ 147,846           | \$ 54,000    | \$ (69,805)               | \$ 132,041        |
| Total capital assets, not being depreciated        | 147,846              | 54,000       | (69,805)                  | 132,041           |
| Capital assets being depreciated:                  |                      |              |                           |                   |
| Improvements other than buildings                  | 1,450,210            | -            | -                         | 1,450,210         |
| Machinery and equipment                            | -                    | 65,698       | -                         | 65,698            |
| Infrastructure                                     | -                    | 2,327        | 69,805                    | 72,132            |
| Total assets being depreciated                     | 1,450,210            | 68,025       | 69,805                    | 1,588,040         |
| Less accumulated depreciation for:                 |                      |              |                           |                   |
| Improvements other than buildings                  | (240,370)            | (119,926)    | -                         | (360,296)         |
| Total accumulated depreciation                     | (240,370)            | (119,926)    | -                         | (360,296)         |
| Total capital assets being depreciated, net        | 1,209,840            | (51,901)     | 69,805                    | 1,227,744         |
| Total component unit capital assets, net           | \$ 1,357,686         | \$ 2,099     | \$ -                      | \$ 1,359,785      |

Depreciation expense for the year ended September 30, 2025 was charged to functions/programs of the primary government and component unit as follows:

|                           |                   |
|---------------------------|-------------------|
| Governmental activities:  |                   |
| General government        | \$ 47,968         |
| Public safety             | 177,330           |
| Culture and recreation    | 135,016           |
| Public works              | 538,241           |
| Total                     | <u>\$ 898,555</u> |
| Business-type activities: |                   |
| Water                     | \$ 285,468        |
| Sewer                     | 74,144            |
| Total                     | <u>\$ 359,612</u> |
| Component Unit:           |                   |
| PEDC                      | \$ 119,926        |
| Total                     | <u>\$ 119,926</u> |

### **Interfund Activity**

Interfund transfers made during the fiscal year were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u>     |
|----------------------|--------------------|-------------------|
| Water and Sewer      | Debt Service       | <u>\$ 479,231</u> |

The transfers to Debt Service includes the Water and Sewer fund subsidizing debt service payments.

### **Long-Term Debt**

The Town of Pantego and the PEDC component unit have issued Certificates of Obligation Bonds and Sales Tax Revenue Bonds to provide funds for the acquisition and construction of major capital facilities. The Certificates of Obligation Bonds are paid by the debt service fund and the Sales Tax Revenue Bonds are paid by the PEDC debt service fund.

All taxes levied and collected for and on account of said bonds are pledged to the debt service fund in amounts authorized by the Town Council. The ordinances authorizing the issuance of the Certificates of Obligation that require the Town's ad valorem tax revenues be enough to generate net revenues sufficient to provide for the payment of the debt service requires of the bonds issued. The Certificates of Obligation outstanding for the Town are as follows:

| <u>Description</u>                       | <u>Original Amount</u> | <u>Year of Issue</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Amounts Outstanding</u> |
|------------------------------------------|------------------------|----------------------|-----------------------|----------------------|----------------------------|
| Governmental activities:                 |                        |                      |                       |                      |                            |
| Certificates of Obligation:              |                        |                      |                       |                      |                            |
| Combination Tax and Revenue, Series 2019 | \$ 2,735,000           | 2019                 | 2/15/2040             | 3.0%                 | \$ 2,140,000               |
| Combination Tax and Revenue, Series 2023 | 12,425,000             | 2023                 | 2/15/2040             | 4.0 - 5.0%           | 11,760,000                 |
| Combination Tax and Revenue, Series 2025 | 3,095,000              | 2025                 | 8/15/2045             | 4.0 - 5.0%           | 3,095,000                  |
| Total governmental activities            |                        |                      |                       |                      | <u>\$ 16,995,000</u>       |

The annual debt service requirements to maturity for the Certificates of Obligation Bonds outstanding as of September 30, 2025, are as follows:

| Year Ended<br>September 30, | Governmental Activities |                     |                      |
|-----------------------------|-------------------------|---------------------|----------------------|
|                             | Principal               | Interest            | Total                |
| 2026                        | \$ 515,000              | \$ 725,271          | \$ 1,240,271         |
| 2027                        | 600,000                 | 723,463             | 1,323,463            |
| 2028                        | 625,000                 | 695,863             | 1,320,863            |
| 2029                        | 655,000                 | 666,938             | 1,321,938            |
| 2030                        | 685,000                 | 636,613             | 1,321,613            |
| 2031-2035                   | 3,935,000               | 2,676,140           | 6,611,140            |
| 2036-2040                   | 4,925,000               | 1,680,040           | 6,605,040            |
| 2041-2045                   | 5,055,000               | 579,939             | 5,634,939            |
| Total                       | <u>\$ 16,995,000</u>    | <u>\$ 8,384,267</u> | <u>\$ 25,379,267</u> |

The PEDC component unit Sales Tax Revenue Bonds outstanding are as follows:

| Description                          | Original<br>Amount | Year of<br>Issue | Final<br>Maturity | Interest<br>Rate | Amounts<br>Outstanding |
|--------------------------------------|--------------------|------------------|-------------------|------------------|------------------------|
| Component unit:                      |                    |                  |                   |                  |                        |
| Sales Tax Revenue Bonds, Series 2023 | \$ 1,285,000       | 2023             | 2/15/2044         | 4.25 - 5.00%     | \$ 1,245,000           |
| Total component unit                 |                    |                  |                   |                  | <u>\$ 1,245,000</u>    |

The PEDC component unit debt service requirements to maturity for Sales Tax Revenue Bonds outstanding are as follows:

| Year Ended<br>September 30, | Component Unit      |                   |                     |
|-----------------------------|---------------------|-------------------|---------------------|
|                             | Principal           | Interest          | Total               |
| 2026                        | \$ 40,000           | \$ 59,188         | \$ 99,188           |
| 2027                        | 45,000              | 57,188            | 102,188             |
| 2028                        | 45,000              | 55,188            | 100,188             |
| 2029                        | 50,000              | 52,938            | 102,938             |
| 2030                        | 50,000              | 50,688            | 100,688             |
| 2031-2035                   | 295,000             | 214,190           | 509,190             |
| 2036-2040                   | 365,000             | 144,714           | 509,714             |
| 2041-2044                   | 355,000             | 60,300            | 415,300             |
| Total                       | <u>\$ 1,245,000</u> | <u>\$ 694,394</u> | <u>\$ 1,939,394</u> |

## Leases

The Town has entered into enterprise fleet lease agreements for multiple vehicles. The leases carry interest rates 2.52% to 12.02% and have monthly payments ranging from \$634 to \$1,374.

Principal and interest requirements to maturity for the leases are as follows:

| Year Ended<br>September 30, | Governmental Activities |                  |                   |
|-----------------------------|-------------------------|------------------|-------------------|
|                             | Principal               | Interest         | Total             |
| 2026                        | \$ 173,004              | \$ 16,184        | \$ 189,188        |
| 2027                        | 161,248                 | 4,493            | 165,741           |
| 2028                        | 18,776                  | 390              | 19,166            |
| 2029                        | 4,061                   | 20               | 4,081             |
| Total                       | <u>\$ 357,089</u>       | <u>\$ 21,087</u> | <u>\$ 378,176</u> |

## Financed Purchase Payable

During fiscal year 2024, the Town entered into a financed purchase agreement for a leased pump truck. The Town is required to make fixed annual payments of \$88,025. As of September 30, 2025, the value of the financed purchase is \$440,123. The financed purchase has an interest rate of 5.65%. The asset value of the Pump Truck as of September 30, 2025, is \$507,047 with accumulated depreciation of \$84,508.

Principal and interest requirements to maturity are as follows:

| Year Ended<br>September 30, | Governmental Activities |                  |                   |
|-----------------------------|-------------------------|------------------|-------------------|
|                             | Principal               | Interest         | Total             |
| 2026                        | \$ 66,873               | \$ 21,151        | \$ 88,024         |
| 2027                        | 70,652                  | 17,373           | 88,025            |
| 2028                        | 74,644                  | 13,381           | 88,025            |
| 2029                        | 78,861                  | 9,163            | 88,024            |
| 2030                        | 83,317                  | 4,708            | 88,025            |
| Total                       | <u>\$ 374,347</u>       | <u>\$ 65,776</u> | <u>\$ 440,123</u> |

## Changes in Long-term Liabilities

During the year ended September 30, 2025, the following changes occurred in liabilities reported in the general long-term debt:

|                            | Beginning<br>Balance | Issued              | Retired             | Ending<br>Balance    | Amount Due<br>Within One Year |
|----------------------------|----------------------|---------------------|---------------------|----------------------|-------------------------------|
| Governmental activities:   |                      |                     |                     |                      |                               |
| Long-term debt:            |                      |                     |                     |                      |                               |
| Certificates of obligation | \$ 14,395,000        | \$ 3,095,000        | \$ (495,000)        | \$ 16,995,000        | \$ 515,000                    |
| Leases                     | 489,405              | 61,505              | (193,821)           | 357,089              | 173,004                       |
| Financed purchase          | 437,644              | -                   | (63,297)            | 374,347              | 66,873                        |
| Issuance premium           | 719,596              | 74,399              | (36,401)            | 757,594              | -                             |
| Total long-term debt       | <u>16,041,645</u>    | <u>3,230,904</u>    | <u>(788,519)</u>    | <u>18,484,030</u>    | <u>754,877</u>                |
| Compensated absences       | <u>176,172</u>       | <u>108,618</u>      | <u>-</u>            | <u>284,790</u>       | <u>71,198</u>                 |
| Total governmental         | <u>\$ 16,217,817</u> | <u>\$ 3,339,522</u> | <u>\$ (788,519)</u> | <u>\$ 18,768,820</u> | <u>\$ 826,075</u>             |
| Component Unit:            |                      |                     |                     |                      |                               |
| Long-term debt:            |                      |                     |                     |                      |                               |
| Sales tax revenue bonds    | \$ 1,285,000         | \$ -                | \$ (40,000)         | \$ 1,245,000         | \$ 40,000                     |
| Total long-term debt       | <u>1,285,000</u>     | <u>-</u>            | <u>(40,000)</u>     | <u>1,245,000</u>     | <u>40,000</u>                 |
| Total component unit       | <u>\$ 1,285,000</u>  | <u>\$ -</u>         | <u>\$ (40,000)</u>  | <u>\$ 1,245,000</u>  | <u>\$ 40,000</u>              |

Compensated absences additions and deletions are netted in the schedule above.

## DEFINED BENEFIT PENSION PLAN

### Plan Description

The Town participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained [www.tmr.com](http://www.tmr.com). All eligible employees of the Town are required to participate in TMRS. The General Fund is typically used to liquidate the Town's net pension liability related to governmental activities.

### Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS. The plan provisions for the Town were as follows:

|                                   |                                                     |
|-----------------------------------|-----------------------------------------------------|
| Employee deposit rate             | 7%                                                  |
| Matching ratio (Town to employee) | 2 to 1                                              |
| Years required for vesting        | 5                                                   |
| Service retirement eligibility    | 20 years at any age,<br>5 years at age 60 and above |
| Updated service credit            | 100% repeating, transfers                           |
| Annuity increase to retirees      | 50% of CPI repeating                                |

At the December 31, 2024 valuation and measurement date, the following numbers of employees were covered by the benefit terms:

|                                                                  |                   |
|------------------------------------------------------------------|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 83                |
| Inactive employees entitled to but not yet receiving benefits    | 92                |
| Active employees                                                 | <u>44</u>         |
| Total                                                            | <u><u>219</u></u> |

## Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 15.80% and 16.62% in calendar years 2023 and 2024, respectively. The Town's contributions to TMRS for the year ended September 30, 2025, were \$ 549,496 and were equal to the required contributions.

## Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation                           | 2.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Salary Increases                    | 3.60% to 11.85% including inflation                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Discount Rate                       | 3.77% (Based on Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2024)                                                                                                                                                                                                                                                                                                                                                                                      |
| Administrative Expenses             | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.                                                                                                                                                                                                                                                                                                                                   |
| Mortality Rates - Service Retirees  | 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).                                                                                                                                                                                                                           |
| Mortality Rates - Disabled Retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. |

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class in fiscal year 2024 are summarized in the following table:

| Asset Class                      | Target Allocation | Long-Term Expected<br>Real Rate of Return |
|----------------------------------|-------------------|-------------------------------------------|
|                                  |                   | (Arithmetic)                              |
| Global Public Equity             | 35.00%            | 7.10%                                     |
| Core Fixed Income                | 6.00%             | 5.00%                                     |
| Non-Core Fixed Income            | 6.00%             | 6.80%                                     |
| Hedge Funds                      | 5.00%             | 6.40%                                     |
| Private Equity                   | 13.00%            | 8.50%                                     |
| Private Debt                     | 13.00%            | 8.20%                                     |
| Real Estate                      | 12.00%            | 6.70%                                     |
| Infrastructure                   | 6.00%             | 6.00%                                     |
| Other Public and Private Markets | 4.00%             | 7.30%                                     |
| Total                            | <u>100.00%</u>    |                                           |

#### *Discount Rate*

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

#### *Changes in Net Pension Liability*

|                                                                  | Increase (Decrease)               |                                       |                                     |
|------------------------------------------------------------------|-----------------------------------|---------------------------------------|-------------------------------------|
|                                                                  | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a)-(b) |
| Balance at 12/31/2023                                            | \$ 19,782,508                     | \$ 17,688,755                         | \$ 2,093,753                        |
| Changes for the year:                                            |                                   |                                       |                                     |
| Service cost                                                     | 627,124                           | -                                     | 627,124                             |
| Interest                                                         | 1,319,991                         | -                                     | 1,319,991                           |
| Difference between expected<br>and actual experience             | 378,254                           | -                                     | 378,254                             |
| Contributions - employer                                         | -                                 | 522,052                               | (522,052)                           |
| Contributions - employee                                         | -                                 | 231,289                               | (231,289)                           |
| Net investment income                                            | -                                 | 1,833,104                             | (1,833,104)                         |
| Benefit payments, including refunds<br>of employee contributions | (1,081,308)                       | (1,081,308)                           | -                                   |
| Administrative expense                                           | -                                 | (11,788)                              | 11,788                              |
| Other changes                                                    | -                                 | (276)                                 | 276                                 |
| Net changes                                                      | <u>1,244,061</u>                  | <u>1,493,073</u>                      | <u>(249,012)</u>                    |
| Balance at 12/31/2024                                            | <u>\$ 21,026,569</u>              | <u>\$ 19,181,828</u>                  | <u>\$ 1,844,741</u>                 |

### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Town calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

|                                      | 1% Decrease in<br>Discount Rate<br>(5.75%) | Current Single<br>Discount Rate<br>(6.75%) | 1% Increase in<br>Discount Rate<br>(7.75%) |
|--------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| Town's net pension liability (asset) | \$ 4,791,332                               | \$ 1,844,741                               | \$ (551,193)                               |

### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2025, the Town recognized pension expense of \$758,276.

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                             | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 154,434                        | \$ -                             |
| Difference between projected and actual investment earnings | -                                 | 180,887                          |
| Contributions subsequent to the measurement date            | 391,259                           | -                                |
| Total                                                       | <u>\$ 545,693</u>                 | <u>\$ 180,887</u>                |

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| For the Year Ended<br>September 30, |            |
|-------------------------------------|------------|
| 2026                                | \$ 169,328 |
| 2027                                | 214,613    |
| 2028                                | (282,571)  |
| 2029                                | (127,823)  |

### **DEFINED OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN – TMRS SUPPLEMENTAL DEATH BENEFITS FUND**

#### **Plan Description**

The Town also participates in the agent multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The General Fund is typically used to liquidate the Town's OPEB liability related to governmental activities.

## Benefits Provided

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post-employment benefit and is a fixed amount of \$7,500.

## Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

|                                                                  |           |
|------------------------------------------------------------------|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 41        |
| Inactive employees entitled to but not yet receiving benefits    | 10        |
| Active employees                                                 | <u>44</u> |
| Total                                                            | <u>95</u> |

## Contributions

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.28% for 2025 and 0.37% for 2024, of which 0.16% and 0.13%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The Town's contributions to the SDBF for the years ended September 30, 2025 and 2024 were \$5078 and \$4,138 , respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

## Total OPEB Liability

The Town's total OPEB Liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation                           | 2.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Salary Increases                    | 3.60% to 11.85% including inflation                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Discount Rate                       | 3.77% (Based on Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2024)                                                                                                                                                                                                                                                                                                                                                                                      |
| Administrative Expenses             | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.                                                                                                                                                                                                                                                                                                                                   |
| Mortality Rates - Service Retirees  | 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).                                                                                                                                                                                                                           |
| Mortality Rates - Disabled Retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. |

### Changes in the OPEB Liability

|                                                   | Total OPEB<br>Liability |
|---------------------------------------------------|-------------------------|
| Balance at 12/31/2023                             | \$ 175,437              |
| Changes for the year:                             |                         |
| Service cost                                      | 6,278                   |
| Interest                                          | 6,651                   |
| Difference between expected and actual experience | 1,295                   |
| Changes of assumptions                            | (10,092)                |
| Benefit payments                                  | (4,295)                 |
| Net changes                                       | (163)                   |
| Balance at 12/31/2024                             | <u>\$ 175,274</u>       |

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.08%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

|                      | 1% Decrease in<br>Discount Rate (3.08%) | Discount Rate<br>(4.08%) | 1% Increase in<br>Discount Rate (5.08%) |
|----------------------|-----------------------------------------|--------------------------|-----------------------------------------|
| Total OPEB Liability | \$ 211,071                              | \$ 175,274               | \$ 147,827                              |

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the Town recognized OPEB expense of \$2,636. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                             | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 7,404                          | \$ 339                           |
| Changes in actuarial assumptions                            | 6,451                             | 34,972                           |
| Contributions subsequent to the measurement date            | 3,831                             | -                                |
| Total                                                       | <u>\$ 17,686</u>                  | <u>\$ 35,311</u>                 |

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the Town paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|      | For the Year Ended<br>September 30, |
|------|-------------------------------------|
| 2026 | \$ (14,096)                         |
| 2027 | (7,589)                             |
| 2028 | 317                                 |
| 2029 | (88)                                |

## NET POSITION - NET INVESTMENT IN CAPITAL ASSETS

The Town has previously issued bonds in the 2023 capital projects fund to acquire capital assets on the water and sewer fund's behalf. Therefore, any unspent bond proceeds in the 2023 capital projects fund are considered to be a part of unrestricted net position as the bond's whole purpose is to be spent on capital improvements within business-type activities. Accordingly, the capital asset and related borrowing are reported in different activity columns but within the same primary government total column. As a result, the amount of net investment in capital assets and unrestricted net position do not cross foot by \$2,179,021.

## COMMITMENTS AND CONTINGENCIES

### Sewer Contracts

The Town has contracts with the Town of Fort Worth and Town of Arlington for the treatment of wastewater. The contracts require the Town to pay varying amounts based on the costs associated with the wastewater treated. Charges for wastewater treatment during fiscal year 2025 were \$289,759 for Fort Worth and \$71,071 for Arlington.

### Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

### Construction Commitments

The Town has active construction projects as of September 30, 2025, commitments as of year end consist of the following.

| Projects                   | Spent to Date       | Remaining<br>Commitment |
|----------------------------|---------------------|-------------------------|
| Reverse osmosis system     | 3,067,512           | 218,580                 |
| New trinity well           | 499,013             | 5,900,000               |
| Arrowhead W&S by Pipeburst | 890,734             | -                       |
| Newsome W&S by Pipeburst   | 623,631             | -                       |
| PEDC Park Bond             | 54,000              | 102,600                 |
| Marquee signange           | 78,040              | -                       |
| Totals                     | <u>\$ 5,212,930</u> | <u>\$ 6,221,180</u>     |

## RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## ADJUSTMENTS – CHANGE WITHIN THE FINANCIAL REPORTING ENTITY

For fiscal year 2025, the Town reported one change in its financial reporting entity. The Equipment Replacement fund was previously reported as a major governmental fund and is now reported as a nonmajor fund. The change in classification is required based on certain quantitative factors.

## **SIGNIFICANT FORTHCOMING STANDARDS**

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the Town include the following:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement will become effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**TOWN OF PANTEGO, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                                              | Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------------------------------|--------------------|-------------------|-------------------|---------------------------------------------------------|
| <b>REVENUES</b>                                              |                    |                   |                   |                                                         |
| Property taxes                                               | \$ 1,970,827       | \$ 1,970,827      | \$ 1,910,489      | \$ (60,338)                                             |
| Sales taxes                                                  | 1,989,544          | 1,989,544         | 1,833,574         | (155,970)                                               |
| Franchise tax                                                | 307,543            | 307,543           | 286,632           | (20,911)                                                |
| Fines and forfeitures                                        | 660,250            | 599,525           | 482,532           | (116,993)                                               |
| Licenses and permits                                         | 58,350             | 133,224           | 158,440           | 25,216                                                  |
| Charges for services                                         | 4,324              | 131,950           | 128,080           | (3,870)                                                 |
| Intergovernmental                                            | 551,552            | 547,122           | 550,964           | 3,842                                                   |
| Investment earnings                                          | 38,500             | 37,675            | 46,205            | 8,530                                                   |
| Miscellaneous                                                | 147,950            | 10,000            | 302               | (9,698)                                                 |
| Total revenues                                               | <u>5,728,840</u>   | <u>5,727,410</u>  | <u>5,397,218</u>  | <u>(330,192)</u>                                        |
| <b>EXPENDITURES</b>                                          |                    |                   |                   |                                                         |
| Current:                                                     |                    |                   |                   |                                                         |
| General government                                           | 1,217,224          | 1,173,519         | 1,366,690         | (193,171)                                               |
| Public safety:                                               |                    |                   |                   |                                                         |
| Police                                                       | 2,101,469          | 2,106,616         | 2,090,307         | 16,309                                                  |
| Fire                                                         | 1,672,204          | 1,675,874         | 1,631,145         | 44,729                                                  |
| Public works                                                 | 635,750            | 637,381           | 619,052           | 18,329                                                  |
| Community development                                        | -                  | 47,500            | 23,020            | 24,480                                                  |
| Capital outlay                                               | 71,750             | 71,750            | 58,979            | 12,771                                                  |
| Total expenditures                                           | <u>5,698,397</u>   | <u>5,712,640</u>  | <u>5,789,193</u>  | <u>(76,553)</u>                                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>30,443</u>      | <u>14,770</u>     | <u>(391,975)</u>  | <u>(406,745)</u>                                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                   |                   |                                                         |
| Insurance recoveries                                         | -                  | -                 | 21,294            | 21,294                                                  |
| Total other financing sources (uses)                         | <u>-</u>           | <u>-</u>          | <u>21,294</u>     | <u>21,294</u>                                           |
| <b>CHANGE IN FUND BALANCE</b>                                | 30,443             | 14,770            | (370,681)         | (385,451)                                               |
| <b>FUND BALANCE - BEGINNING</b>                              | <u>942,434</u>     | <u>942,434</u>    | <u>942,434</u>    | <u>-</u>                                                |
| <b>FUND BALANCE - ENDING</b>                                 | <u>\$ 972,877</u>  | <u>\$ 957,204</u> | <u>\$ 571,753</u> | <u>\$ (385,451)</u>                                     |

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## **TOWN OF PANTEGO, TEXAS**

### **NOTES TO BUDGETARY SCHEDULE**

**SEPTEMBER 30, 2025**

#### Summary of Significant Accounting Policies

##### **A. Budgetary Information**

The Town follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. Therefore the fund level is the legal level of control.
4. Formal budgetary integration is employed as a management control device during the year. The legally adopted budgets for the General Fund, Court House Security Special Revenue Fund, Court Technology Special Revenue Fund, Shamburger Special Revenue Fund, and the Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted amounts are as originally adopted or as amended by the Town Council. During 2025, individual amendments were not material in relation to the original appropriations. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.
6. Capital Project funds, as presented, are not budgeted since project length financial plans usually extend into two or more fiscal years, making comparisons for a single year statement confusing.

##### **B. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end lapse and are not carried forward as budgetary appropriations to the subsequent fiscal year.

##### **C. Expenditures Over Budget**

For fiscal year 2025, actual expenditures exceeded appropriations in the General Fund by \$193,171 in the General Government function. Actual expenditures also exceeded appropriations in the Coronavirus State and Local Fiscal Recovery Funds by \$14,801 and the Court House Security Fund by \$18,000. These items were funded with excess budgets in other functions and more than anticipated revenue or existing fund balance.

**TOWN OF PANTEGO, TEXAS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| Measurement year December 31,                                          | 2015                 | 2016                 | 2017                 | 2018                 |
|------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability                                                |                      |                      |                      |                      |
| Service cost                                                           | \$ 362,190           | \$ 421,798           | \$ 462,387           | \$ 481,596           |
| Interest (on the total pension liability)                              | 963,211              | 980,866              | 1,016,821            | 1,047,898            |
| Difference between expected and actual experience                      | (57,274)             | (104,215)            | (90,676)             | 21,520               |
| Changes in assumptions                                                 | 252,911              | -                    | -                    | -                    |
| Benefit payments, including refunds of employee contributions          | <u>(838,452)</u>     | <u>(720,846)</u>     | <u>(851,307)</u>     | <u>(1,024,180)</u>   |
| Net change in total pension liability                                  | 682,586              | 577,603              | 537,225              | 526,834              |
| Total pension liability - beginning                                    | <u>13,998,288</u>    | <u>14,680,874</u>    | <u>15,258,477</u>    | <u>15,795,702</u>    |
| Total pension liability - ending (a)                                   | <u>\$ 14,680,874</u> | <u>\$ 15,258,477</u> | <u>\$ 15,795,702</u> | <u>\$ 16,322,536</u> |
| Plan fiduciary net position                                            |                      |                      |                      |                      |
| Contributions - employer                                               | \$ 329,956           | \$ 388,070           | \$ 473,050           | \$ 482,422           |
| Contributions - employee                                               | 148,438              | 163,941              | 180,118              | 187,705              |
| Net investment income                                                  | 17,797               | 791,051              | 1,707,200            | (413,685)            |
| Benefit payments, including refunds of employee contributions          | (838,452)            | (720,846)            | (851,307)            | (1,024,180)          |
| Administrative expenses                                                | (10,841)             | (8,936)              | (8,850)              | (8,001)              |
| Other                                                                  | <u>(535)</u>         | <u>(481)</u>         | <u>(449)</u>         | <u>(418)</u>         |
| Net change in plan fiduciary net position                              | (353,637)            | 612,799              | 1,499,762            | (776,157)            |
| Plan fiduciary net position - beginning                                | <u>12,061,796</u>    | <u>11,708,159</u>    | <u>12,320,958</u>    | <u>13,820,720</u>    |
| Plan fiduciary net position - ending (b)                               | <u>\$ 11,708,159</u> | <u>\$ 12,320,958</u> | <u>\$ 13,820,720</u> | <u>\$ 13,044,563</u> |
| Net Pension Liability (a) - (b)                                        | <u>\$ 2,972,715</u>  | <u>\$ 2,937,519</u>  | <u>\$ 1,974,982</u>  | <u>\$ 3,277,973</u>  |
| Plan fiduciary net position as a percentage of total pension liability | 79.75%               | 80.75%               | 87.50%               | 79.92%               |
| Covered payroll                                                        | \$ 2,066,197         | \$ 2,342,020         | \$ 2,573,108         | \$ 2,681,493         |
| Net pension liability as a percentage of covered payroll               | 143.87%              | 125.43%              | 76.75%               | 122.24%              |

| 2019                               | 2020                               | 2021                               | 2022                                 | 2023                               | 2024                               |
|------------------------------------|------------------------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| \$ 512,881<br>1,091,193            | \$ 492,183<br>1,119,646            | \$ 512,760<br>1,154,962            | \$ 575,536<br>1,188,932              | \$ 608,002<br>1,261,318            | \$ 627,124<br>1,319,991            |
| (404,716)<br>54,251                | (234,358)<br>-                     | (227,276)<br>-                     | 295,833<br>-                         | 112,801<br>(90,235)                | 378,254<br>-                       |
| <u>(826,320)</u>                   | <u>(817,146)</u>                   | <u>(911,967)</u>                   | <u>(1,025,181)</u>                   | <u>(983,127)</u>                   | <u>(1,081,308)</u>                 |
| 427,289                            | 560,325                            | 528,479                            | 1,035,120                            | 908,759                            | 1,244,061                          |
| <u>16,322,536</u>                  | <u>16,749,825</u>                  | <u>17,310,150</u>                  | <u>17,838,629</u>                    | <u>18,873,749</u>                  | <u>19,782,508</u>                  |
| <u>\$ 16,749,825</u>               | <u>\$ 17,310,150</u>               | <u>\$ 17,838,629</u>               | <u>\$ 18,873,749</u>                 | <u>\$ 19,782,508</u>               | <u>\$ 21,026,569</u>               |
| \$ 509,097<br>203,755<br>2,014,633 | \$ 475,832<br>193,991<br>1,132,516 | \$ 444,879<br>196,352<br>2,072,638 | \$ 490,016<br>218,479<br>(1,290,907) | \$ 494,371<br>230,553<br>1,860,392 | \$ 522,052<br>231,289<br>1,833,104 |
| (826,320)<br>(11,395)<br>(342)     | (817,146)<br>(7,335)<br>(286)      | (911,967)<br>(9,598)<br>66         | (1,025,181)<br>(11,183)<br>13,345    | (983,127)<br>(11,853)<br>(83)      | (1,081,308)<br>(11,787)<br>(277)   |
| 1,889,428                          | 977,572                            | 1,792,370                          | (1,605,431)                          | 1,590,253                          | 1,493,073                          |
| <u>13,044,563</u>                  | <u>14,933,991</u>                  | <u>15,911,563</u>                  | <u>17,703,933</u>                    | <u>16,098,502</u>                  | <u>17,688,755</u>                  |
| <u>\$ 14,933,991</u>               | <u>\$ 15,911,563</u>               | <u>\$ 17,703,933</u>               | <u>\$ 16,098,502</u>                 | <u>\$ 17,688,755</u>               | <u>\$ 19,181,828</u>               |
| <u>\$ 1,815,834</u>                | <u>\$ 1,398,587</u>                | <u>\$ 134,696</u>                  | <u>\$ 2,775,247</u>                  | <u>\$ 2,093,753</u>                | <u>\$ 1,844,741</u>                |
| 89.16%                             | 91.92%                             | 99.24%                             | 85.30%                               | 89.42%                             | 91.23%                             |
| \$ 2,910,790                       | \$ 2,771,302                       | \$ 2,805,033                       | \$ 3,121,130                         | \$ 3,293,609                       | \$ 3,304,124                       |
| 62.38%                             | 50.47%                             | 4.80%                              | 88.92%                               | 63.57%                             | 55.83%                             |



| <u>2020</u>    | <u>2021</u>    | <u>2022</u>    | <u>2023</u>    | <u>2024</u>    | <u>2025</u>    |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 477,916     | \$ 457,837     | \$ 459,320     | \$ 514,304     | \$ 506,741     | \$ 549,496     |
| <u>477,916</u> | <u>457,837</u> | <u>459,320</u> | <u>514,304</u> | <u>506,741</u> | <u>549,496</u> |
| -              | -              | -              | -              | -              | -              |
| 2,768,463      | 2,820,155      | 2,917,543      | 3,380,684      | 3,252,599      | 3,353,551      |
| 17.26%         | 16.23%         | 15.74%         | 15.21%         | 15.58%         | 16.39%         |

**TOWN OF PANTEGO, TEXAS**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

| Measurement year December 31,                                    | <u>2017</u>       | <u>2018</u>       | <u>2019</u>       | <u>2020</u>       |
|------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability                                             |                   |                   |                   |                   |
| Service cost                                                     | \$ 5,661          | \$ 6,704          | \$ 8,441          | \$ 9,700          |
| Interest (on the total OPEB liability)                           | 4,315             | 4,447             | 4,630             | 4,244             |
| Difference between expected and actual experience                | -                 | (10,724)          | (10,252)          | (6,411)           |
| Changes in assumptions                                           | 11,009            | (9,433)           | 27,353            | 27,505            |
| Benefit payments, including refunds of employee contributions    | <u>(1,257)</u>    | <u>(1,341)</u>    | <u>(1,455)</u>    | <u>(1,909)</u>    |
| Net change in total OPEB liability                               | 19,728            | (10,347)          | 28,717            | 33,129            |
| Total OPEB liability - beginning                                 | <u>111,930</u>    | <u>131,658</u>    | <u>121,311</u>    | <u>150,028</u>    |
| Total OPEB liability - ending (a)                                | <u>\$ 131,658</u> | <u>\$ 121,311</u> | <u>\$ 150,028</u> | <u>\$ 183,157</u> |
| Covered-employee payroll                                         | \$ 2,573,108      | \$ 2,681,493      | \$ 2,910,790      | \$ 2,771,302      |
| Total OPEB liability as a percentage of covered-employee payroll | 5.117%            | 4.524%            | 5.154%            | 6.609%            |

Notes to schedule:

1. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
2. The actuarial assumptions and other inputs used to calculate the total OPEB liability are described in the notes to the financial statements.
3. Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.
4. This schedule is required to have 10 years of information, but the information before 2017 is not available.

| <u>2021</u>        | <u>2022</u>        | <u>2023</u>        | <u>2024</u>       |
|--------------------|--------------------|--------------------|-------------------|
| \$ 14,025<br>3,794 | \$ 16,542<br>3,872 | \$ 10,210<br>5,916 | \$ 6,278<br>6,651 |
| (2,464)<br>7,090   | 1,454<br>(79,364)  | 10,561<br>9,754    | 1,295<br>(10,092) |
| <u>(1,725)</u>     | <u>(3,433)</u>     | <u>(3,952)</u>     | <u>(4,295)</u>    |
| 20,720             | (60,929)           | 32,489             | (163)             |
| <u>183,157</u>     | <u>203,877</u>     | <u>142,948</u>     | <u>175,437</u>    |
| <u>\$ 203,877</u>  | <u>\$ 142,948</u>  | <u>\$ 175,437</u>  | <u>\$ 175,274</u> |
| <br>\$ 2,805,033   | <br>\$ 3,121,130   | <br>\$ 3,293,609   | <br>\$ 3,304,124  |
| <br>7.268%         | <br>4.580%         | <br>5.327%         | <br>5.305%        |

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## **COMBINING STATEMENTS AND SCHEDULES**

**TOWN OF PANTEGO, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

|                                                                       | Special Revenue Funds                             |                            |                     |                  |
|-----------------------------------------------------------------------|---------------------------------------------------|----------------------------|---------------------|------------------|
|                                                                       | Coronavirus<br>State and Local<br>Fiscal Recovery | Court<br>House<br>Security | Court<br>Technology | Shamburger       |
| <b>ASSETS</b>                                                         |                                                   |                            |                     |                  |
| Cash and cash equivalents                                             | \$ -                                              | \$ 38,608                  | \$ 76,677           | \$ 77,251        |
| Sales taxes receivable (net)                                          | -                                                 | -                          | -                   | -                |
| Total assets                                                          | <u>-</u>                                          | <u>38,608</u>              | <u>76,677</u>       | <u>77,251</u>    |
| <b>LIABILITIES</b>                                                    |                                                   |                            |                     |                  |
| Accounts payable                                                      | -                                                 | -                          | 1,879               | -                |
| Total liabilities                                                     | <u>-</u>                                          | <u>-</u>                   | <u>1,879</u>        | <u>-</u>         |
| <b>FUND BALANCES</b>                                                  |                                                   |                            |                     |                  |
| Restricted:                                                           |                                                   |                            |                     |                  |
| Municipal court                                                       | -                                                 | 38,608                     | 74,798              | -                |
| Animal control services                                               | -                                                 | -                          | -                   | 77,251           |
| Committed:                                                            |                                                   |                            |                     |                  |
| Equipment replacement                                                 | -                                                 | -                          | -                   | -                |
| Street improvements                                                   | -                                                 | -                          | -                   | -                |
| Total fund balances                                                   | <u>-</u>                                          | <u>38,608</u>              | <u>74,798</u>       | <u>77,251</u>    |
| Total liabilities, deferred inflows<br>of resources and fund balances | <u>\$ -</u>                                       | <u>\$ 38,608</u>           | <u>\$ 76,677</u>    | <u>\$ 77,251</u> |

Capital Projects

| Equipment<br>Replacement | Street<br>Improvements | 2019 CO<br>Capital<br>Projects | Total Nonmajor<br>Governmental<br>Funds |
|--------------------------|------------------------|--------------------------------|-----------------------------------------|
| \$ 408,783               | \$ 683,156             | \$ -                           | \$ 1,284,475                            |
| -                        | 58,353                 | -                              | 58,353                                  |
| <u>408,783</u>           | <u>741,509</u>         | <u>-</u>                       | <u>1,342,828</u>                        |
| -                        | -                      | -                              | 1,879                                   |
| <u>-</u>                 | <u>-</u>               | <u>-</u>                       | <u>1,879</u>                            |
| -                        | -                      | -                              | 113,406                                 |
| -                        | -                      | -                              | 77,251                                  |
| 408,783                  | -                      | -                              | 408,783                                 |
| -                        | 741,509                | -                              | 741,509                                 |
| <u>408,783</u>           | <u>741,509</u>         | <u>-</u>                       | <u>1,340,949</u>                        |
| <u>\$ 408,783</u>        | <u>\$ 741,509</u>      | <u>\$ -</u>                    | <u>\$ 1,342,828</u>                     |

# TOWN OF PANTEGO, TEXAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                                                       | Special Revenue Funds                             |                            |                     |                  |
|-----------------------------------------------------------------------|---------------------------------------------------|----------------------------|---------------------|------------------|
|                                                                       | Coronavirus<br>State and Local<br>Fiscal Recovery | Court<br>House<br>Security | Court<br>Technology | Shamburger       |
| <b>REVENUES</b>                                                       |                                                   |                            |                     |                  |
| Sales taxes                                                           | \$ -                                              | \$ -                       | \$ -                | \$ -             |
| Fines and forfeitures                                                 | -                                                 | 9,132                      | 7,623               | -                |
| Investment earnings                                                   | <u>192</u>                                        | <u>1,850</u>               | <u>3,539</u>        | <u>3,310</u>     |
| Total revenues                                                        | <u>192</u>                                        | <u>10,982</u>              | <u>11,162</u>       | <u>3,310</u>     |
| <b>EXPENDITURES</b>                                                   |                                                   |                            |                     |                  |
| Current:                                                              |                                                   |                            |                     |                  |
| General government                                                    | -                                                 | 18,000                     | 9,811               | -                |
| Community development                                                 | -                                                 | -                          | -                   | 2,352            |
| Public works                                                          | -                                                 | -                          | -                   | -                |
| Capital outlay                                                        | 54,801                                            | -                          | 28,645              | -                |
| Debt service:                                                         |                                                   |                            |                     |                  |
| Principal                                                             | -                                                 | -                          | -                   | -                |
| Interest and fiscal charges                                           | <u>-</u>                                          | <u>-</u>                   | <u>-</u>            | <u>-</u>         |
| Total expenditures                                                    | <u>54,801</u>                                     | <u>18,000</u>              | <u>38,456</u>       | <u>2,352</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures          | <u>(54,609)</u>                                   | <u>(7,018)</u>             | <u>(27,294)</u>     | <u>958</u>       |
| <b>OTHER FINANCING SOURCES (USES)</b>                                 |                                                   |                            |                     |                  |
| Issuance of leases                                                    | -                                                 | -                          | -                   | -                |
| Proceeds from sale of capital assets                                  | <u>-</u>                                          | <u>-</u>                   | <u>-</u>            | <u>-</u>         |
| Total other financing sources (uses)                                  | <u>-</u>                                          | <u>-</u>                   | <u>-</u>            | <u>-</u>         |
| <b>CHANGE IN FUND BALANCE</b>                                         | <u>(54,609)</u>                                   | <u>(7,018)</u>             | <u>(27,294)</u>     | <u>958</u>       |
| <b>FUND BALANCE - BEGINNING, AS<br/>PREVIOUSLY REPORTED</b>           | 54,609                                            | 45,626                     | 102,092             | 76,293           |
| <b>ADJUSTMENTS - CHANGE WITHIN THE<br/>FINANCIAL REPORTING ENTITY</b> | <u>-</u>                                          | <u>-</u>                   | <u>-</u>            | <u>-</u>         |
| <b>FUND BALANCE - BEGINNING, AS RESTATED</b>                          | <u>54,609</u>                                     | <u>45,626</u>              | <u>102,092</u>      | <u>76,293</u>    |
| <b>FUND BALANCE - ENDING</b>                                          | <u>\$ -</u>                                       | <u>\$ 38,608</u>           | <u>\$ 74,798</u>    | <u>\$ 77,251</u> |

| Capital Projects Funds |                     |                          |                                   |
|------------------------|---------------------|--------------------------|-----------------------------------|
| Equipment Replacement  | Street Improvements | 2019 CO Capital Projects | Total Nonmajor Governmental Funds |
| \$ -                   | \$ 364,744          | \$ -                     | \$ 364,744                        |
| -                      | -                   | -                        | 16,755                            |
| <u>24,122</u>          | <u>38,149</u>       | <u>455</u>               | <u>71,617</u>                     |
| <u>24,122</u>          | <u>402,893</u>      | <u>455</u>               | <u>453,116</u>                    |
| -                      | -                   | -                        | 27,811                            |
| -                      | -                   | -                        | 2,352                             |
| -                      | 647,455             | -                        | 647,455                           |
| 258,494                | -                   | 23,616                   | 365,556                           |
| 257,118                | -                   | -                        | 257,118                           |
| <u>61,522</u>          | <u>-</u>            | <u>-</u>                 | <u>61,522</u>                     |
| <u>577,134</u>         | <u>647,455</u>      | <u>23,616</u>            | <u>1,361,814</u>                  |
| <u>(553,012)</u>       | <u>(244,562)</u>    | <u>(23,161)</u>          | <u>(908,698)</u>                  |
| 61,505                 | -                   | -                        | 61,505                            |
| <u>17,227</u>          | <u>-</u>            | <u>-</u>                 | <u>17,227</u>                     |
| <u>78,732</u>          | <u>-</u>            | <u>-</u>                 | <u>78,732</u>                     |
| <u>(474,280)</u>       | <u>(244,562)</u>    | <u>(23,161)</u>          | <u>(829,966)</u>                  |
| -                      | 986,071             | 23,161                   | 1,287,852                         |
| <u>883,063</u>         | <u>-</u>            | <u>-</u>                 | <u>883,063</u>                    |
| <u>883,063</u>         | <u>986,071</u>      | <u>23,161</u>            | <u>2,170,915</u>                  |
| <u>\$ 408,783</u>      | <u>\$ 741,509</u>   | <u>\$ -</u>              | <u>\$ 1,340,949</u>               |

**TOWN OF PANTEGO, TEXAS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|                                 | Original<br>Budget | Final<br>Budget  | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|--------------------|------------------|---------------|---------------------------------------------------------|
| <b>REVENUES</b>                 |                    |                  |               |                                                         |
| Investment earnings             | \$ 8,650           | \$ 8,650         | \$ 192        | \$ (8,458)                                              |
| Total revenues                  | <u>8,650</u>       | <u>8,650</u>     | <u>192</u>    | <u>(8,458)</u>                                          |
| <b>EXPENDITURES</b>             |                    |                  |               |                                                         |
| Capital outlay                  | <u>40,000</u>      | <u>40,000</u>    | <u>54,801</u> | <u>(14,801)</u>                                         |
| Total expenditures              | <u>40,000</u>      | <u>40,000</u>    | <u>54,801</u> | <u>(14,801)</u>                                         |
| <b>CHANGE IN FUND BALANCE</b>   | (31,350)           | (31,350)         | (54,609)      | (23,259)                                                |
| <b>FUND BALANCE - BEGINNING</b> | <u>54,609</u>      | <u>54,609</u>    | <u>54,609</u> | <u>-</u>                                                |
| <b>FUND BALANCE - ENDING</b>    | <u>\$ 23,259</u>   | <u>\$ 23,259</u> | <u>\$ -</u>   | <u>\$ (23,259)</u>                                      |

**TOWN OF PANTEGO, TEXAS****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
COURT HOUSE SECURITY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                 | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|--------------------|------------------|------------------|---------------------------------------------------------|
| <b>REVENUES</b>                 |                    |                  |                  |                                                         |
| Fines and forfeitures           | \$ 12,700          | \$ 12,700        | \$ 9,132         | \$ (3,568)                                              |
| Investment earnings             | <u>1,400</u>       | <u>1,400</u>     | <u>1,850</u>     | <u>450</u>                                              |
| Total revenues                  | <u>14,100</u>      | <u>14,100</u>    | <u>10,982</u>    | <u>(3,118)</u>                                          |
| <b>EXPENDITURES</b>             | <u>-</u>           | <u>-</u>         | <u>18,000</u>    | <u>(18,000)</u>                                         |
| <b>CHANGE IN FUND BALANCE</b>   | 14,100             | 14,100           | (7,018)          | (21,118)                                                |
| <b>FUND BALANCE - BEGINNING</b> | <u>45,626</u>      | <u>45,626</u>    | <u>45,626</u>    | <u>-</u>                                                |
| <b>FUND BALANCE - ENDING</b>    | <u>\$ 59,726</u>   | <u>\$ 59,726</u> | <u>\$ 38,608</u> | <u>\$ (21,118)</u>                                      |

**TOWN OF PANTEGO, TEXAS****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
COURT TECHNOLOGY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                 | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|--------------------|------------------|------------------|---------------------------------------------------------|
| <b>REVENUES</b>                 |                    |                  |                  |                                                         |
| Fines and forfeitures           | \$ 11,100          | \$ 11,100        | \$ 7,623         | \$ (3,477)                                              |
| Investment earnings             | <u>2,500</u>       | <u>2,500</u>     | <u>3,539</u>     | <u>1,039</u>                                            |
| Total revenues                  | <u>13,600</u>      | <u>13,600</u>    | <u>11,162</u>    | <u>(2,438)</u>                                          |
| <b>EXPENDITURES</b>             |                    |                  |                  |                                                         |
| Current:                        |                    |                  |                  |                                                         |
| General government              | 16,137             | 16,137           | 9,811            | 6,326                                                   |
| Capital outlay                  | <u>31,500</u>      | <u>31,500</u>    | <u>28,645</u>    | <u>2,855</u>                                            |
| Total expenditures              | <u>47,637</u>      | <u>47,637</u>    | <u>38,456</u>    | <u>9,181</u>                                            |
| <b>CHANGE IN FUND BALANCE</b>   | (34,037)           | (34,037)         | (27,294)         | 6,743                                                   |
| <b>FUND BALANCE - BEGINNING</b> | <u>102,092</u>     | <u>102,092</u>   | <u>102,092</u>   | <u>-</u>                                                |
| <b>FUND BALANCE - ENDING</b>    | <u>\$ 68,055</u>   | <u>\$ 68,055</u> | <u>\$ 74,798</u> | <u>\$ 6,743</u>                                         |

**TOWN OF PANTEGO, TEXAS****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SHAMBURGER FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                 | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|--------------------|------------------|------------------|---------------------------------------------------------|
| <b>REVENUES</b>                 |                    |                  |                  |                                                         |
| Investment earnings             | \$ 2,000           | \$ 2,000         | \$ 3,310         | \$ 1,310                                                |
| Total revenues                  | <u>2,000</u>       | <u>2,000</u>     | <u>3,310</u>     | <u>1,310</u>                                            |
| <b>EXPENDITURES</b>             |                    |                  |                  |                                                         |
| Current:                        |                    |                  |                  |                                                         |
| Community development           | <u>6,000</u>       | <u>6,000</u>     | <u>2,352</u>     | <u>3,648</u>                                            |
| Total expenditures              | <u>6,000</u>       | <u>6,000</u>     | <u>2,352</u>     | <u>3,648</u>                                            |
| <b>CHANGE IN FUND BALANCE</b>   | (4,000)            | (4,000)          | 958              | 4,958                                                   |
| <b>FUND BALANCE - BEGINNING</b> | <u>76,293</u>      | <u>76,293</u>    | <u>76,293</u>    | <u>-</u>                                                |
| <b>FUND BALANCE - ENDING</b>    | <u>\$ 72,293</u>   | <u>\$ 72,293</u> | <u>\$ 77,251</u> | <u>\$ 4,958</u>                                         |

**TOWN OF PANTEGO, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                                              | Original<br>Budget | Final<br>Budget  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------------------------------|--------------------|------------------|------------------|---------------------------------------------------------|
| <b>REVENUES</b>                                              |                    |                  |                  |                                                         |
| Property taxes                                               | \$ 643,712         | \$ 643,712       | \$ 643,712       | \$ -                                                    |
| Investment earnings                                          | <u>10,000</u>      | <u>10,000</u>    | <u>12,135</u>    | <u>2,135</u>                                            |
| Total revenues                                               | <u>653,712</u>     | <u>653,712</u>   | <u>655,847</u>   | <u>2,135</u>                                            |
| <b>EXPENDITURES</b>                                          |                    |                  |                  |                                                         |
| Debt service:                                                |                    |                  |                  |                                                         |
| Principal                                                    | 495,000            | 495,000          | 495,000          | -                                                       |
| Interest and fiscal charges                                  | <u>641,271</u>     | <u>641,271</u>   | <u>640,113</u>   | <u>1,158</u>                                            |
| Total expenditures                                           | <u>1,136,271</u>   | <u>1,136,271</u> | <u>1,135,113</u> | <u>1,158</u>                                            |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(482,559)</u>   | <u>(482,559)</u> | <u>(479,266)</u> | <u>977</u>                                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                  |                  |                                                         |
| Transfers in                                                 | <u>482,447</u>     | <u>482,447</u>   | <u>479,231</u>   | <u>3,216</u>                                            |
| Total other financing sources (uses)                         | <u>482,447</u>     | <u>482,447</u>   | <u>479,231</u>   | <u>3,216</u>                                            |
| <b>CHANGE IN FUND BALANCE</b>                                | (112)              | (112)            | (35)             | 4,193                                                   |
| <b>FUND BALANCE - BEGINNING</b>                              | <u>16,708</u>      | <u>16,708</u>    | <u>16,708</u>    | <u>-</u>                                                |
| <b>FUND BALANCE - ENDING</b>                                 | <u>\$ 16,596</u>   | <u>\$ 16,596</u> | <u>\$ 16,673</u> | <u>\$ 4,193</u>                                         |

**TOWN OF PANTEGO, TEXAS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
PANTEGO ECONOMIC DEVELOPMENT CORPORATION

SEPTEMBER 30, 2025

|                                        | Pantego<br>Economic<br>Development<br>Corporation |
|----------------------------------------|---------------------------------------------------|
| <b>ASSETS</b>                          |                                                   |
| Cash and cash equivalents              | \$ 1,273,065                                      |
| Receivables, net:                      |                                                   |
| Sales taxes                            | 116,706                                           |
| Accounts                               | 163                                               |
| Inventory                              | 8,912                                             |
| Total assets                           | <u>1,398,846</u>                                  |
| <b>LIABILITIES</b>                     |                                                   |
| Accounts payable                       | <u>8,750</u>                                      |
| Total liabilities                      | <u>8,750</u>                                      |
| <b>FUND BALANCE</b>                    |                                                   |
| Unassigned                             | <u>1,390,096</u>                                  |
| Total fund balance                     | <u>1,390,096</u>                                  |
| <br>Total liabilities and fund balance | <br><u>\$ 1,398,846</u>                           |

**TOWN OF PANTEGO, TEXAS**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
PANTEGO ECONOMIC DEVELOPMENT CORPORATION

SEPTEMBER 30, 2025

|                                          |              |
|------------------------------------------|--------------|
| Total Fund Balances - Governmental Funds | \$ 1,390,096 |
|------------------------------------------|--------------|

Amount reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.

|                          |           |
|--------------------------|-----------|
| Capital assets           | 1,720,081 |
| Accumulated depreciation | (360,296) |

Long-term liabilities, including bonds payable and interest payable, that are not due and payable in the current period, and, therefore are not reported as liabilities in the funds.

|                         |                 |
|-------------------------|-----------------|
| Sales tax revenue bonds | (1,245,000)     |
| Interest payable        | <u>(14,297)</u> |

|                                         |                     |
|-----------------------------------------|---------------------|
| Net Position of Governmental Activities | <u>\$ 1,490,584</u> |
|-----------------------------------------|---------------------|

**TOWN OF PANTEGO, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
PANTEGO ECONOMIC DEVELOPMENT CORPORATION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                 | Pantego<br>Economic<br>Development<br>Corporation |
|---------------------------------|---------------------------------------------------|
| <b>REVENUES</b>                 |                                                   |
| Sales taxes                     | \$ 729,487                                        |
| Investment earnings             | 56,563                                            |
| Miscellaneous                   | <u>6,652</u>                                      |
| Total revenues                  | <u>792,702</u>                                    |
| <b>EXPENDITURES</b>             |                                                   |
| Current:                        |                                                   |
| Economic development            | 690,922                                           |
| Capital outlay                  | 144,166                                           |
| Debt service:                   |                                                   |
| Principal                       | 40,000                                            |
| Interest and fiscal charges     | <u>59,588</u>                                     |
| Total expenditures              | <u>934,676</u>                                    |
| <b>CHANGE IN FUND BALANCE</b>   | (141,974)                                         |
| <b>FUND BALANCE - BEGINNING</b> | <u>1,532,070</u>                                  |
| <b>FUND BALANCE - ENDING</b>    | <u>\$ 1,390,096</u>                               |

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**TOWN OF PANTEGO, TEXAS**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
PANTEGO ECONOMIC DEVELOPMENT CORPORATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**

|                                                        |              |
|--------------------------------------------------------|--------------|
| Total net change in Fund Balances - Governmental Funds | \$ (141,974) |
|--------------------------------------------------------|--------------|

Amounts reported for governmental activities in the statement of activities are different because:

|                                                                                                                                                                                                                                                                               |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the current year capital outlays is to increase net position. | 122,025 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                                                                                                                                                                                     |           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. | (119,926) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

|                                    |            |
|------------------------------------|------------|
| Principal on long-term debt        | 40,000     |
| Accrued interest on long-term debt | <u>500</u> |

|                                                         |                    |
|---------------------------------------------------------|--------------------|
| Total change in net position of Governmental Activities | <u>\$ (99,375)</u> |
|---------------------------------------------------------|--------------------|

**TOWN OF PANTEGO, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET (BUDGET BASIS) AND ACTUAL  
PANTEGO ECONOMIC DEVELOPMENT CORPORATION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

|                                 | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------|
| <b>REVENUES</b>                 |                     |                     |                     |                                                         |
| Sales taxes                     | \$ 790,018          | \$ 900,564          | \$ 729,487          | \$ (171,077)                                            |
| Investment earnings             | 1,200               | 49,200              | 56,563              | 7,363                                                   |
| Miscellaneous                   | -                   | 7,800               | 6,652               | (1,148)                                                 |
| Total revenues                  | <u>791,218</u>      | <u>957,564</u>      | <u>792,702</u>      | <u>(164,862)</u>                                        |
| <b>EXPENDITURES</b>             |                     |                     |                     |                                                         |
| Current:                        |                     |                     |                     |                                                         |
| Economic development            | 777,163             | 324,559             | 690,922             | (366,363)                                               |
| Capital outlay                  | 164,637             | 731,597             | 144,166             | 587,431                                                 |
| Debt service:                   |                     |                     |                     |                                                         |
| Principal                       | 40,000              | 40,000              | 40,000              | -                                                       |
| Interest and fiscal charges     | <u>70,488</u>       | <u>70,488</u>       | <u>59,588</u>       | <u>10,900</u>                                           |
| Total expenditures              | <u>1,052,288</u>    | <u>1,166,644</u>    | <u>934,676</u>      | <u>231,968</u>                                          |
| <b>CHANGE IN FUND BALANCE</b>   | (261,070)           | (209,080)           | (141,974)           | 67,106                                                  |
| <b>FUND BALANCE - BEGINNING</b> | <u>1,532,070</u>    | <u>1,532,070</u>    | <u>1,532,070</u>    | -                                                       |
| <b>FUND BALANCE - ENDING</b>    | <u>\$ 1,271,000</u> | <u>\$ 1,322,990</u> | <u>\$ 1,390,096</u> | <u>\$ 67,106</u>                                        |

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# STATISTICAL SECTION

## (Unaudited)

This part of the Town of Pantego, Texas' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

| Contents                                                                                                                                                                                                           | Page Number |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Financial Trends                                                                                                                                                                                                   | 66          |
| These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.                                                                |             |
| Revenue Capacity                                                                                                                                                                                                   | 76          |
| These schedules contain trend information to help the reader assess factors affecting the Town's ability to generate its property and sales taxes.                                                                 |             |
| Debt Capacity                                                                                                                                                                                                      | 87          |
| These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.                    |             |
| Demographic and Economic Information                                                                                                                                                                               | 94          |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.                                                   |             |
| Operating Information                                                                                                                                                                                              | 98          |
| These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. |             |

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year

# TOWN OF PANTEGO, TEXAS

## NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

|                                                  | Fiscal Year          |                      |                      |                      |
|--------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                  | 2016                 | 2017                 | 2018                 | 2019                 |
| Governmental activities:                         |                      |                      |                      |                      |
| Net investment in capital assets                 | \$ 4,485,022         | \$ 4,193,710         | \$ 3,984,588         | \$ 5,354,119         |
| Restricted                                       | 2,125,490            | 2,053,638            | 1,978,755            | 1,430,519            |
| Unrestricted                                     | <u>1,279,011</u>     | <u>1,053,211</u>     | <u>1,289,670</u>     | <u>276,613</u>       |
| Total governmental activities net position       | <u>\$ 7,889,523</u>  | <u>\$ 7,300,559</u>  | <u>\$ 7,253,013</u>  | <u>\$ 7,061,251</u>  |
| Business-type activities:                        |                      |                      |                      |                      |
| Net investment in capital assets                 | \$ 1,949,812         | \$ 2,099,503         | \$ 2,489,786         | \$ 2,575,492         |
| Restricted                                       | -                    | -                    | -                    | -                    |
| Unrestricted                                     | <u>915,531</u>       | <u>713,445</u>       | <u>674,509</u>       | <u>863,669</u>       |
| Total business-type activities net position      | <u>\$ 2,865,343</u>  | <u>\$ 2,812,948</u>  | <u>\$ 3,164,295</u>  | <u>\$ 3,439,161</u>  |
| Primary government:                              |                      |                      |                      |                      |
| Net investment in capital assets                 | \$ 6,434,834         | \$ 6,293,213         | \$ 6,474,374         | \$ 7,929,611         |
| Restricted                                       | 2,125,490            | 2,053,638            | 1,978,755            | 1,430,519            |
| Unrestricted                                     | <u>2,194,542</u>     | <u>1,766,656</u>     | <u>1,964,179</u>     | <u>1,140,282</u>     |
| Total primary government activities net position | <u>\$ 10,754,866</u> | <u>\$ 10,113,507</u> | <u>\$ 10,417,308</u> | <u>\$ 10,500,412</u> |

**TABLE 1**

| Fiscal Year          |                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2020                 | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 |
| \$ 5,494,778         | \$ 4,781,793         | \$ 3,248,056         | \$ 2,640,510         | \$ 4,693,441         | \$ 2,247,457         |
| 1,383,409            | 1,515,045            | 1,701,546            | 2,165,030            | 224,011              | 190,657              |
| <u>131,014</u>       | <u>1,120,275</u>     | <u>1,154,959</u>     | <u>25,458</u>        | <u>(2,856,894)</u>   | <u>(1,889,865)</u>   |
| <u>\$ 7,009,201</u>  | <u>\$ 7,417,113</u>  | <u>\$ 6,104,561</u>  | <u>\$ 4,830,998</u>  | <u>\$ 2,060,558</u>  | <u>\$ 548,249</u>    |
| \$ 2,724,120         | \$ 2,804,844         | \$ 5,241,311         | \$ 5,816,924         | \$ 8,872,670         | \$ 10,272,436        |
| -                    | -                    | -                    | -                    | 472,081              | 462,497              |
| <u>911,575</u>       | <u>1,182,994</u>     | <u>965,217</u>       | <u>759,020</u>       | <u>(140,362)</u>     | <u>158,709</u>       |
| <u>\$ 3,635,695</u>  | <u>\$ 3,987,838</u>  | <u>\$ 6,206,528</u>  | <u>\$ 6,575,944</u>  | <u>\$ 9,204,389</u>  | <u>\$ 10,893,642</u> |
| \$ 8,218,898         | \$ 7,586,637         | \$ 8,489,367         | \$ 8,457,434         | \$ 13,566,111        | \$ 12,519,893        |
| 1,383,409            | 1,515,045            | 1,701,546            | 2,165,030            | 696,092              | 653,154              |
| <u>1,042,589</u>     | <u>2,303,269</u>     | <u>2,120,176</u>     | <u>784,478</u>       | <u>(2,997,256)</u>   | <u>(1,731,156)</u>   |
| <u>\$ 10,644,896</u> | <u>\$ 11,404,951</u> | <u>\$ 12,311,089</u> | <u>\$ 11,406,942</u> | <u>\$ 11,264,947</u> | <u>\$ 11,441,891</u> |

# TOWN OF PANTEGO, TEXAS

## CHANGE IN NET POSITION

Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

|                                                 | Fiscal Year           |                       |                       |                       |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                 | 2016                  | 2017                  | 2018                  | 2019                  |
| Expenses                                        |                       |                       |                       |                       |
| Governmental activities:                        |                       |                       |                       |                       |
| General government                              | \$ 506,739            | \$ 589,280            | \$ 596,456            | \$ 584,393            |
| Public works                                    | 895,132               | 658,630               | 621,545               | 627,099               |
| Community development                           | 139,358               | 199,548               | 168,172               | 193,769               |
| Police                                          | 1,382,204             | 1,575,419             | 1,507,206             | 1,734,699             |
| Fire                                            | 1,247,185             | 1,419,752             | 1,347,654             | 1,378,017             |
| Municipal court                                 | 372,869               | 416,187               | 406,537               | 407,102               |
| Community relations                             | -                     | -                     | -                     | -                     |
| Other                                           | 136,147               | 27,387                | 13,927                | 17,227                |
| Interest                                        | 28,057                | 16,230                | 11,884                | 105,517               |
| Total governmental activities expenses          | <u>4,707,691</u>      | <u>4,902,433</u>      | <u>4,673,381</u>      | <u>5,047,823</u>      |
| Business-type activities:                       |                       |                       |                       |                       |
| Water and wastewater                            | <u>1,287,745</u>      | <u>1,252,304</u>      | <u>1,088,168</u>      | <u>1,260,231</u>      |
| Total business-type activities expenses         | <u>1,287,745</u>      | <u>1,252,304</u>      | <u>1,088,168</u>      | <u>1,260,231</u>      |
| Total primary government expenses               | <u>\$ 5,995,436</u>   | <u>\$ 6,154,737</u>   | <u>\$ 5,761,549</u>   | <u>\$ 6,308,054</u>   |
| Program Revenues:                               |                       |                       |                       |                       |
| Governmental activities:                        |                       |                       |                       |                       |
| Charges for services:                           |                       |                       |                       |                       |
| General government                              | \$ 122,887            | \$ -                  | \$ -                  | \$ -                  |
| Public works                                    | -                     | -                     | -                     | -                     |
| Community development                           | 89,417                | 77,457                | 97,086                | 60,694                |
| Police                                          | 693,865               | 547,499               | 779,454               | 742,507               |
| Fire                                            | 122,030               | 187,824               | 78,527                | 54,102                |
| Municipal court                                 | 41,774                | 23,611                | 31,083                | 24,122                |
| Other                                           | 20,648                | -                     | -                     | -                     |
| Operating grants and contributions              | 53,649                | 11,342                | 12,205                | 10,719                |
| Capital grants and contributions                | <u>-</u>              | <u>7,378</u>          | <u>-</u>              | <u>4,605</u>          |
| Total governmental activities program revenues  | <u>1,144,270</u>      | <u>855,111</u>        | <u>998,355</u>        | <u>896,749</u>        |
| Business-type activities                        |                       |                       |                       |                       |
| Charges for services                            |                       |                       |                       |                       |
| Water and sewer                                 | \$ 1,236,588          | \$ 1,192,044          | \$ 1,418,974          | \$ 1,527,008          |
| Capital grants and contributions                | <u>60,097</u>         | <u>-</u>              | <u>-</u>              | <u>-</u>              |
| Total business-type activities program revenues | <u>1,296,685</u>      | <u>1,192,044</u>      | <u>1,418,974</u>      | <u>1,527,008</u>      |
| Total primary government program revenues       | <u>\$ 2,440,955</u>   | <u>\$ 2,047,155</u>   | <u>\$ 2,417,329</u>   | <u>\$ 2,423,757</u>   |
| Net (expense)/revenue                           |                       |                       |                       |                       |
| Governmental activities                         | \$ (3,563,421)        | \$ (4,047,322)        | \$ (3,675,026)        | \$ (4,151,074)        |
| Business-type activities                        | <u>8,940</u>          | <u>(60,260)</u>       | <u>330,806</u>        | <u>266,777</u>        |
| Total primary government net expense            | <u>\$ (3,554,481)</u> | <u>\$ (4,107,582)</u> | <u>\$ (3,344,220)</u> | <u>\$ (3,884,297)</u> |

TABLE 2

| Fiscal Year           |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2020                  | 2021                  | 2022                  | 2023                  | 2024                  | 2025                  |
| \$ 562,177            | \$ 575,663            | \$ 571,428            | \$ 721,165            | \$ 1,133,299          | \$ 1,495,334          |
| 590,635               | 732,024               | 836,830               | 898,275               | 1,373,166             | 1,878,901             |
| 140,109               | 29,432                | 31,800                | 23,815                | 39,891                | 25,372                |
| 1,559,711             | 1,484,524             | 1,544,166             | 1,965,746             | 2,124,929             | 2,357,490             |
| 1,404,650             | 1,331,682             | 1,444,702             | 2,041,918             | 1,896,231             | 1,847,840             |
| 383,879               | 336,347               | 372,200               | 437,727               | -                     | -                     |
| 9,152                 | 10,899                | 12,893                | 8,633                 | -                     | -                     |
| -                     | -                     | -                     | -                     | -                     | -                     |
| <u>88,934</u>         | <u>74,758</u>         | <u>73,283</u>         | <u>408,133</u>        | <u>687,723</u>        | <u>838,703</u>        |
| <u>4,739,247</u>      | <u>4,575,329</u>      | <u>4,887,302</u>      | <u>6,505,412</u>      | <u>7,255,239</u>      | <u>8,443,640</u>      |
| <u>1,412,240</u>      | <u>1,196,847</u>      | <u>1,015,435</u>      | <u>1,512,954</u>      | <u>1,588,754</u>      | <u>1,702,055</u>      |
| <u>1,412,240</u>      | <u>1,196,847</u>      | <u>1,015,435</u>      | <u>1,512,954</u>      | <u>1,588,754</u>      | <u>1,702,055</u>      |
| <u>\$ 6,151,487</u>   | <u>\$ 5,772,176</u>   | <u>\$ 5,902,737</u>   | <u>\$ 8,018,366</u>   | <u>\$ 8,843,993</u>   | <u>\$10,145,695</u>   |
|                       |                       |                       |                       |                       |                       |
| \$ -                  | \$ -                  | \$ -                  | \$ -                  | \$ 515,607            | \$ 732,345            |
| 145,112               | -                     | -                     | -                     | -                     | -                     |
| 47,610                | 70,402                | 95,076                | 92,924                | 89,902                | 34,609                |
| 557,177               | 553,949               | 451,274               | 579,113               | 335,801               | 451,922               |
| 99,099                | 132,719               | 109,572               | 112,280               | 114,406               | 148,698               |
| 29,363                | 29,654                | 24,858                | 28,328                | -                     | -                     |
| -                     | -                     | -                     | -                     | -                     | -                     |
| 147,161               | 32,994                | 22,750                | 26,720                | 4,161                 | 7,192                 |
| <u>2,659</u>          | <u>312,885</u>        | <u>313,320</u>        | <u>-</u>              | <u>-</u>              | <u>-</u>              |
| <u>1,028,181</u>      | <u>1,132,603</u>      | <u>1,016,850</u>      | <u>839,365</u>        | <u>1,059,877</u>      | <u>1,374,766</u>      |
|                       |                       |                       |                       |                       |                       |
| \$ 1,434,237          | \$ 1,416,976          | \$ 1,548,821          | \$ 1,276,455          | \$ 1,121,896          | \$ 1,556,891          |
| <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>413,297</u>        | <u>528,977</u>        |
| <u>1,434,237</u>      | <u>1,416,976</u>      | <u>1,548,821</u>      | <u>1,276,455</u>      | <u>1,535,193</u>      | <u>2,085,868</u>      |
| <u>\$ 2,462,418</u>   | <u>\$ 2,549,579</u>   | <u>\$ 2,565,671</u>   | <u>\$ 2,115,820</u>   | <u>\$ 2,595,070</u>   | <u>\$ 3,460,634</u>   |
|                       |                       |                       |                       |                       |                       |
| \$ (3,711,066)        | \$ (3,442,726)        | \$ (3,870,452)        | \$ (5,666,047)        | \$ (6,195,362)        | \$ (7,068,874)        |
| <u>21,997</u>         | <u>220,129</u>        | <u>533,386</u>        | <u>(236,499)</u>      | <u>(53,561)</u>       | <u>383,813</u>        |
| <u>\$ (3,689,069)</u> | <u>\$ (3,222,597)</u> | <u>\$ (3,337,066)</u> | <u>\$ (5,902,546)</u> | <u>\$ (6,248,923)</u> | <u>\$ (6,685,061)</u> |

# **TOWN OF PANTEGO, TEXAS**

## **CHANGE IN NET POSITION**

Last Ten Fiscal Years  
 (accrual basis of accounting)  
 (Unaudited)

|                                                    | Fiscal Year         |                     |                     |                     |
|----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                                    | 2016                | 2017                | 2018                | 2019                |
| General Revenues and Other Changes in Net Position |                     |                     |                     |                     |
| Governmental activities:                           |                     |                     |                     |                     |
| Taxes                                              |                     |                     |                     |                     |
| Property                                           | \$ 1,056,398        | \$ 1,126,456        | \$ 1,253,512        | \$ 1,367,835        |
| Sales and use tax                                  | 1,974,220           | 1,927,619           | 1,941,472           | 2,014,986           |
| Franchise                                          | 334,925             | 331,537             | 331,573             | 337,830             |
| Investment earnings                                | 14,237              | 42,736              | 80,643              | 143,034             |
| Miscellaneous                                      | 73,802              | 30,011              | 16,309              | 206,999             |
| Gain on retirement of capital assets               | -                   | -                   | 3,970               | -                   |
| Transfers in (out)                                 | -                   | -                   | -                   | -                   |
| Total governmental activities                      | <u>3,453,582</u>    | <u>3,458,359</u>    | <u>3,627,479</u>    | <u>4,070,684</u>    |
| Business-type activities:                          |                     |                     |                     |                     |
| Investment income                                  | 2,096               | 7,244               | 13,219              | 15,942              |
| Miscellaneous                                      | -                   | 622                 | 7,321               | 504                 |
| Transfers in (out)                                 | -                   | -                   | -                   | -                   |
| Total business-type revenues                       | <u>2,096</u>        | <u>7,866</u>        | <u>20,540</u>       | <u>16,446</u>       |
| Total primary government                           | <u>\$ 3,455,678</u> | <u>\$ 3,466,225</u> | <u>\$ 3,648,019</u> | <u>\$ 4,087,130</u> |
| Change in Net Position                             |                     |                     |                     |                     |
| Governmental activities                            | \$ (109,839)        | \$ (588,963)        | \$ (47,547)         | \$ (80,390)         |
| Business-type activities                           | <u>11,036</u>       | <u>(52,394)</u>     | <u>351,346</u>      | <u>283,223</u>      |
| Total primary government                           | <u>\$ (98,803)</u>  | <u>\$ (641,357)</u> | <u>\$ 303,799</u>   | <u>\$ 202,833</u>   |

**TABLE 3**

| Fiscal Year         |                     |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2020                | 2021                | 2022                | 2023                | 2024                | 2025                |
| \$ 1,474,402        | \$ 1,532,378        | \$ 1,534,994        | \$ 1,857,039        | \$ 2,499,166        | \$ 2,519,592        |
| 1,968,091           | 2,122,672           | 2,282,299           | 2,381,234           | 2,314,948           | 2,198,318           |
| 283,723             | 263,064             | 290,788             | 318,043             | 285,762             | 286,632             |
| 65,842              | 4,569               | 26,591              | 356,227             | 871,090             | 1,793,347           |
| 54,709              | 55,442              | 90,958              | 120,131             | 105,247             | 38,823              |
| (23,575)            | -                   | 8,460               | (71,645)            | -                   | -                   |
| <u>(164,176)</u>    | <u>(127,487)</u>    | <u>(1,676,190)</u>  | <u>(568,545)</u>    | <u>(2,651,291)</u>  | <u>(1,280,147)</u>  |
| <u>3,659,016</u>    | <u>3,850,638</u>    | <u>2,557,900</u>    | <u>4,392,484</u>    | <u>3,424,922</u>    | <u>5,556,565</u>    |
| 10,191              | 1,157               | 8,679               | 37,024              | 30,715              | 25,293              |
| 470                 | 3,370               | 435                 | 346                 | -                   | -                   |
| <u>164,176</u>      | <u>127,487</u>      | <u>1,676,190</u>    | <u>568,545</u>      | <u>2,651,291</u>    | <u>1,280,147</u>    |
| <u>174,837</u>      | <u>132,014</u>      | <u>1,685,304</u>    | <u>605,915</u>      | <u>2,682,006</u>    | <u>1,305,440</u>    |
| <u>\$ 3,833,853</u> | <u>\$ 3,982,652</u> | <u>\$ 4,243,204</u> | <u>\$ 4,998,399</u> | <u>\$ 6,106,928</u> | <u>\$ 6,862,005</u> |
| \$ (52,050)         | \$ 407,912          | \$ (1,312,552)      | \$ (1,273,563)      | \$ (2,770,440)      | \$ (1,512,309)      |
| <u>196,834</u>      | <u>352,143</u>      | <u>2,218,690</u>    | <u>369,416</u>      | <u>2,628,445</u>    | <u>1,689,253</u>    |
| <u>\$ 144,784</u>   | <u>\$ 760,055</u>   | <u>\$ 906,138</u>   | <u>\$ (904,147)</u> | <u>\$ (141,995)</u> | <u>\$ 176,944</u>   |

# **TOWN OF PANTEGO, TEXAS**

## **FUND BALANCES GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (Unaudited)

|                                    | Fiscal Year         |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | 2016                | 2017                | 2018                | 2019                |
| General Fund                       |                     |                     |                     |                     |
| Nonspendable                       | \$ 2,883            | \$ 3,344            | \$ 5,379            | \$ 20,243           |
| Restricted:                        |                     |                     |                     |                     |
| Other purposes                     | 38,622              | -                   | -                   | -                   |
| Equipment replacement              | 100,000             | 100,000             | 100,000             | 100,000             |
| Unassigned                         | <u>2,483,019</u>    | <u>2,469,074</u>    | <u>2,484,181</u>    | <u>1,864,473</u>    |
| Total general fund                 | <u>\$ 2,624,524</u> | <u>\$ 2,572,418</u> | <u>\$ 2,589,560</u> | <u>\$ 1,984,716</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |
| Restricted for:                    |                     |                     |                     |                     |
| Debt service                       | \$ 102,701          | \$ 69,582           | \$ 37,475           | \$ 7,105            |
| Municipal court                    | 101,017             | 92,129              | 105,967             | 121,672             |
| Street improvements                | 720,517             | 882,109             | 821,166             | 588,720             |
| Park row project                   | 1,056,231           | 1,064,998           | 1,085,053           | 838,274             |
| Animal control services            | 77,633              | 75,172              | 74,194              | 74,086              |
| Capital projects                   | -                   | -                   | -                   | -                   |
| Other purposes                     | 21,497              | 10,545              | 4,898               | 2,756,905           |
| Committed to:                      |                     |                     |                     |                     |
| Capital improvements               | 24,953              | 25,162              | 25,632              | 26,252              |
| Street improvements                | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| Total all other governmental funds | <u>\$ 2,104,549</u> | <u>\$ 2,219,697</u> | <u>\$ 2,154,385</u> | <u>\$ 4,413,014</u> |

**TABLE 4**

| Fiscal Year         |                     |                     |                      |                      |                      |
|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| 2020                | 2021                | 2022                | 2023                 | 2024                 | 2025                 |
| \$ 3,748            | \$ 5,356            | \$ 7,692            | \$ 9,842             | \$ 73,265            | \$ 67,090            |
| -                   | -                   | -                   | -                    | -                    | -                    |
| -                   | -                   | -                   | -                    | -                    | -                    |
| <u>1,603,585</u>    | <u>1,868,730</u>    | <u>1,248,341</u>    | <u>1,091,455</u>     | <u>869,169</u>       | <u>504,663</u>       |
| <u>\$ 1,607,333</u> | <u>\$ 1,874,086</u> | <u>\$ 1,256,033</u> | <u>\$ 1,101,297</u>  | <u>\$ 942,434</u>    | <u>\$ 571,753</u>    |
|                     |                     |                     |                      |                      |                      |
| \$ 5,775            | \$ 5,005            | \$ 5,936            | \$ 5,131             | \$ 16,708            | \$ 16,673            |
| 144,617             | 136,025             | 140,006             | 168,712              | 147,718              | 113,406              |
| 211,384             | 359,194             | 603,469             | 839,412              | -                    | -                    |
| 216,097             | -                   | -                   | -                    | -                    | -                    |
| 74,324              | 73,664              | 72,218              | 74,647               | 76,293               | 77,251               |
| -                   | -                   | -                   | -                    | 10,510,425           | 13,187,598           |
| 2,624,883           | 2,652,839           | 628,638             | 13,061,851           | -                    | -                    |
| 374,645             | 591,355             | 989,373             | 1,193,238            | 937,672              | 408,783              |
| -                   | -                   | -                   | -                    | 986,071              | 741,509              |
| <u>\$ 3,651,725</u> | <u>\$ 3,818,082</u> | <u>\$ 2,439,640</u> | <u>\$ 15,342,991</u> | <u>\$ 12,674,887</u> | <u>\$ 14,545,220</u> |

**TOWN OF PANTEGO, TEXAS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (Unaudited)

|                                                           | Fiscal Year      |                  |                  |                    |
|-----------------------------------------------------------|------------------|------------------|------------------|--------------------|
|                                                           | 2016             | 2017             | 2018             | 2019               |
| <b>Revenues</b>                                           |                  |                  |                  |                    |
| Property tax                                              | \$ 1,060,682     | \$ 1,122,305     | \$ 1,247,876     | \$ 1,351,129       |
| Sales tax                                                 | 1,974,220        | 1,927,619        | 1,941,471        | 2,014,986          |
| Franchise tax                                             | 337,774          | 325,907          | 335,336          | 331,327            |
| Fines and forfeitures                                     | 780,857          | 636,400          | 760,642          | 708,424            |
| Licenses and permits                                      | 89,417           | 71,937           | 91,979           | 55,094             |
| Ambulance service                                         | 124,770          | 148,648          | 82,934           | 84,012             |
| Charges for service                                       | 157,920          | 25,800           | 6,084            | 3,705              |
| Contributions and donations                               | 27,634           | 10,145           | 11,070           | 5,000              |
| Intergovernmental                                         | 26,015           | 42,736           | 80,642           | 7,810              |
| Investment earnings                                       | 14,237           | 5,765            | 6,121            | 143,035            |
| Miscellaneous                                             | 88,450           | 35,806           | 26,777           | 220,490            |
| Total revenues                                            | <u>4,681,976</u> | <u>4,353,068</u> | <u>4,590,932</u> | <u>4,925,012</u>   |
| <b>Expenditures</b>                                       |                  |                  |                  |                    |
| Current:                                                  |                  |                  |                  |                    |
| General government                                        | 444,827          | 498,044          | 590,851          | 553,576            |
| Police                                                    | 1,203,351        | 1,399,001        | 1,490,173        | 1,710,497          |
| Fire                                                      | 1,077,145        | 1,301,849        | 1,322,936        | 2,073,485          |
| Public works                                              | 606,080          | 369,060          | 372,760          | 325,534            |
| Community development                                     | 130,644          | 146,978          | 141,224          | 141,360            |
| Municipal court                                           | 350,932          | 383,498          | 390,840          | 393,037            |
| Other                                                     | 99,450           | 27,387           | 18,727           | 17,787             |
| Capital outlay                                            | 475,601          | 135,089          | 283,206          | 752,254            |
| Debt service:                                             |                  |                  |                  |                    |
| Principal                                                 | 200,115          | 30,000           | 30,000           | 30,000             |
| Interest and fiscal agent charges                         | 30,375           | 3,576            | 2,355            | 74,170             |
| Total expenditures                                        | <u>4,618,520</u> | <u>4,294,482</u> | <u>4,643,072</u> | <u>6,071,700</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>63,456</u>    | <u>58,586</u>    | <u>(52,140)</u>  | <u>(1,146,688)</u> |
| Other financing sources (uses):                           |                  |                  |                  |                    |
| Transfers in                                              | 472,899          | 26,134           | 18,691           | 10,893             |
| Transfers out                                             | (472,899)        | (26,134)         | (18,691)         | (10,893)           |
| Proceeds from issuance of leases                          | -                | -                | -                | -                  |
| Proceeds from financed purchase                           | -                | -                | -                | -                  |
| Proceeds from insurance recovery                          | -                | -                | -                | -                  |
| Proceeds of bond issuance                                 | -                | -                | -                | 2,800,473          |
| Proceeds from sale of capital assets                      | -                | 4,455            | 3,970            | -                  |
| Total other financing sources (uses)                      | <u>-</u>         | <u>4,455</u>     | <u>3,970</u>     | <u>2,800,473</u>   |
| Net change in fund balances                               | <u>63,456</u>    | <u>63,041</u>    | <u>(48,170)</u>  | <u>1,653,785</u>   |
| Debt service as a percentage of non-capital expenditures  | 5.56%            | 0.81%            | 0.74%            | 1.96%              |
| Total expenditures less capital outlay                    | 4,142,919        | 4,159,393        | 4,359,866        | 5,319,446          |
| Total debt service payments                               | 230,490          | 33,576           | 32,355           | 104,170            |
| % of Total debt service payments                          | 5.56%            | 0.81%            | 0.74%            | 1.96%              |

TABLE 5

| Fiscal Year        |                  |                    |                   |                    |                    |
|--------------------|------------------|--------------------|-------------------|--------------------|--------------------|
| 2020               | 2021             | 2022               | 2023              | 2024               | 2025               |
| \$ 1,492,559       | \$ 1,530,829     | \$ 1,535,253       | \$ 1,873,622      | \$ 2,499,166       | \$ 2,554,201       |
| 1,968,091          | 2,122,672        | 2,282,299          | 2,381,234         | 2,314,948          | 2,198,318          |
| 293,989            | 272,956          | 282,204            | 305,228           | 294,287            | 286,632            |
| 586,725            | 574,030          | 457,653            | 556,046           | 442,652            | 499,287            |
| 44,020             | 63,406.00        | 88,590             | 85,121            | 115,159            | 158,440            |
| 101,314            | 101,275          | 116,182            | 84,142            | -                  | -                  |
| 2,170              | 18,678           | 18,602             | 17,481            | 126,682            | 128,080            |
| 3,200              | -                | -                  | 500               | -                  | -                  |
| 289,073            | 345,080          | 336,070            | 40,815            | 376,415            | 550,964            |
| 65,843             | 4,569            | 26,591             | 356,228           | 871,090            | 1,793,347          |
| 68,776             | 70,827           | 105,254            | 138,909           | 2,635              | 302                |
| <u>4,915,760</u>   | <u>5,104,322</u> | <u>5,248,698</u>   | <u>5,839,326</u>  | <u>7,043,034</u>   | <u>8,169,571</u>   |
| 569,451            | 524,247          | 583,275            | 698,068           | 1,075,626          | 1,394,501          |
| 1,708,420          | 1,648,215        | 1,962,867          | 1,933,422         | 1,958,360          | 2,090,307          |
| 1,316,126          | 1,307,860        | 1,450,029          | 1,752,505         | 1,742,278          | 1,631,145          |
| 342,957            | 407,002          | 517,977            | 687,099           | 906,320            | 1,266,507          |
| 141,094            | 7,403            | 12,202             | 4,217             | 39,891             | 25,372             |
| 399,982            | 384,506          | 398,616            | 413,954           | -                  | -                  |
| 9,152              | 10,899           | 12,893             | 8,633             | -                  | -                  |
| 1,232,261          | 74,742           | 656,065            | 211,047           | 4,161,323          | 2,389,556          |
| 70,000             | 100,000          | 100,000            | 174,001           | 600,265            | 752,118            |
| 106,699            | 78,850           | 87,706             | 244,937           | 801,131            | 869,069            |
| <u>5,896,142</u>   | <u>4,543,724</u> | <u>5,781,630</u>   | <u>6,127,883</u>  | <u>11,285,194</u>  | <u>10,418,575</u>  |
| <u>(980,382)</u>   | <u>560,598</u>   | <u>(532,932)</u>   | <u>(288,557)</u>  | <u>(4,242,160)</u> | <u>(2,249,004)</u> |
| 348,082            | 358,529          | 557,645            | 17,250            | 467,660            | 479,231            |
| (512,258)          | (486,016)        | (2,233,835)        | (585,795)         | -                  | -                  |
| -                  | -                | 204,167            | 177,616           | 315,700            | 61,505             |
| -                  | -                | -                  | -                 | 507,047            | -                  |
| -                  | -                | -                  | -                 | 89,031             | 21,294             |
| -                  | -                | -                  | 13,150,331        | -                  | 3,169,399          |
| 5,886              | -                | 8,460              | 277,770           | 35,755             | 17,227             |
| <u>(158,290)</u>   | <u>(127,487)</u> | <u>(1,463,563)</u> | <u>13,037,172</u> | <u>1,415,193</u>   | <u>3,748,656</u>   |
| <u>(1,138,672)</u> | <u>433,111</u>   | <u>(1,996,495)</u> | <u>12,748,615</u> | <u>(2,826,967)</u> | <u>1,499,652</u>   |
| 3.79%              | 4.00%            | 3.66%              | 7.08%             | 19.67%             | 20.19%             |
| 4,663,881          | 4,468,982        | 5,125,565          | 5,916,836         | 7,123,871          | 8,029,019          |
| 176,699            | 178,850          | 187,706            | 418,938           | 1,401,396          | 1,621,187          |
| 3.79%              | 4.00%            | 3.66%              | 7.08%             | 19.67%             | 20.19%             |

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**TOWN OF PANTEGO, TEXAS****TABLE 6**GOVERNMENTAL FUNDS  
TAX REVENUE BY SOURCELast Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)

| Fiscal<br>Year | Property Tax | Sales &<br>Use Tax | Franchise Tax | Total<br>Tax Revenue |
|----------------|--------------|--------------------|---------------|----------------------|
| 2016           | \$ 1,060,682 | \$ 1,974,220       | \$ 337,774    | \$ 3,372,676         |
| 2017           | 1,122,305    | 1,927,619          | 325,907       | 3,375,831            |
| 2018           | 1,247,876    | 1,941,471          | 335,336       | 3,524,683            |
| 2019           | 1,351,129    | 2,014,986          | 331,327       | 3,697,442            |
| 2020           | 1,492,559    | 1,968,091          | 293,989       | 3,754,639            |
| 2021           | 1,530,829    | 2,122,672          | 272,956       | 3,926,457            |
| 2022           | 1,535,253    | 2,282,299          | 282,204       | 4,099,756            |
| 2023           | 1,873,622    | 2,381,234          | 305,228       | 4,560,084            |
| 2024           | 2,499,166    | 2,314,948          | 294,287       | 5,108,401            |
| 2025           | 2,554,201    | 2,235,773          | 286,632       | 5,076,606            |

# **TOWN OF PANTEGO, TEXAS**

## **ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years  
(Unaudited)

| Fiscal<br>Year | Residential<br>Property | Industrial/<br>Commercial<br>Property | Mineral<br>Reserves | Less:<br>Tax-Exempt<br>Property | Total<br>Taxable<br>Assessed<br>Value |
|----------------|-------------------------|---------------------------------------|---------------------|---------------------------------|---------------------------------------|
| 2016           | \$ 143,215,261          | \$ 155,926,097                        | \$ 2,326,070        | \$ 53,097,672                   | \$ 248,369,756                        |
| 2017           | 153,837,425             | 172,009,086                           | 487,280             | 58,252,387                      | 268,081,404                           |
| 2018           | 169,862,585             | 194,414,886                           | 176,710             | 68,066,461                      | 296,387,720                           |
| 2019           | 179,798,820             | 212,503,240                           | 337,040             | 71,492,406                      | 321,146,694                           |
| 2020           | 213,841,459             | 215,388,032                           | 204,760             | 74,078,235                      | 355,356,016                           |
| 2021           | 231,193,211             | 209,800,985                           | 159,320             | 75,893,633                      | 365,259,883                           |
| 2022           | 212,685,996             | 228,524,438                           | 262,120             | 75,991,740                      | 365,480,814                           |
| 2023           | 259,526,391             | 216,883,755                           | 271,510             | 81,995,503                      | 394,686,153                           |
| 2024           | 268,903,511             | 257,038,655                           | 1,245,570           | 89,549,048                      | 437,638,688                           |
| 2025           | 294,064,682             | 283,576,145                           | 1,432,400           | 116,423,540                     | 462,649,687                           |

Source: Tarrant Appraisal District

Note: Property in the Town is reassessed each year.

Property is assessed at actual value; therefore, the assessed values are equal to actual value.

**TABLE 7**

| Total<br>Direct<br>Tax<br>Rate |    | Estimated<br>Actual<br>Taxable<br>Value | Assessed<br>Value as a<br>Percentage of<br>Actual<br>Taxable Value |
|--------------------------------|----|-----------------------------------------|--------------------------------------------------------------------|
| 0.420000                       | \$ | 248,369,756                             | 100.0%                                                             |
| 0.420000                       |    | 268,081,404                             | 100.0%                                                             |
| 0.420000                       |    | 296,387,720                             | 100.0%                                                             |
| 0.420000                       |    | 321,146,694                             | 100.0%                                                             |
| 0.420000                       |    | 355,356,016                             | 100.0%                                                             |
| 0.420000                       |    | 365,259,883                             | 100.0%                                                             |
| 0.420000                       |    | 365,480,814                             | 100.0%                                                             |
| 0.475931                       |    | 394,686,153                             | 100.0%                                                             |
| 0.570000                       |    | 437,638,688                             | 100.0%                                                             |
| 0.570000                       |    | 462,649,687                             | 100.0%                                                             |

## TOWN OF PANTEGO, TEXAS

### DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years  
(Unaudited)

|                                        | Fiscal Year     |                 |                 |                 |
|----------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                        | 2016            | 2017            | 2018            | 2019            |
| OVERLAPPING RATES                      |                 |                 |                 |                 |
| Tarrant County                         | 0.264000        | 0.254000        | 0.244000        | 0.234000        |
| Tarrant County Hospital District       | 0.227897        | 0.227897        | 0.224429        | 0.224429        |
| Tarrant County Junior College District | 0.149500        | 0.144730        | 0.140060        | 0.136070        |
| Arlington Independent School District  | 1.412952        | 1.390080        | 1.368670        | 1.368670        |
| CITY DIRECT RATES                      |                 |                 |                 |                 |
| Operating & Maintenance                | 0.420000        | 0.420000        | 0.420000        | 0.420000        |
| Interest & Sinking                     | <u>0.000000</u> | <u>0.000000</u> | <u>0.000000</u> | <u>0.000000</u> |
| Total Direct Rate                      | <u>0.420000</u> | <u>0.420000</u> | <u>0.420000</u> | <u>0.420000</u> |
| Total Direct & Overlapping Rate        | 2.474349        | 2.436707        | 2.397159        | 2.383169        |

Sources: Tarrant Appraisal District and Town records.

Note: All rates per \$100 assessed value.

Totals are not provided for columns since they would be meaningless.  
Some of the jurisdictions are mutually exclusive.

TABLE 8

| Fiscal Year     |                 |                 |                 |                 |                 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2020            | 2021            | 2022            | 2023            | 2024            | 2025            |
| 0.234000        | 0.234000        | 0.229000        | 0.224000        | 0.194500        | 0.186200        |
| 0.224429        | 0.224429        | 0.224429        | 0.224429        | 0.194500        | 0.165000        |
| 0.136070        | 0.130170        | 0.130170        | 0.130170        | 0.112170        | 0.112280        |
| 1.298670        | 1.387100        | 1.360800        | 1.308700        | 1.115600        | 1.092900        |
| 0.370094        | 0.370516        | 0.371329        | 0.431809        | 0.417934        | 0.459769        |
| <u>0.049906</u> | <u>0.049484</u> | <u>0.048671</u> | <u>0.044122</u> | <u>0.152066</u> | <u>0.170231</u> |
| <u>0.420000</u> | <u>0.420000</u> | <u>0.420000</u> | <u>0.475931</u> | <u>0.570000</u> | <u>0.630000</u> |
| 2.313169        | 2.395699        | 2.364399        | 2.363230        | 2.186770        | 2.186380        |

# **TOWN OF PANTEGO, TEXAS**

## **PRINCIPAL PROPERTY TAX PAYERS**

Current and Nine Years Ago  
(Unaudited)

| Taxpayer                                           | 2025                             |           | Percentage<br>of Total<br>Taxable<br>Assessed<br>Valuation |
|----------------------------------------------------|----------------------------------|-----------|------------------------------------------------------------|
|                                                    | Taxable<br>Assessed<br>Valuation | Rank      |                                                            |
| 2650 W. Park Row LLC                               | \$ 14,550,000                    | 1         | 3.14 %                                                     |
| PS Lpt Properties Investors/Public Storage Benelux | 10,688,776                       | 2         | 2.31 %                                                     |
| SVS Apartments LLC                                 | 10,400,000                       | 3         | 2.25 %                                                     |
| Oncor Electric Delivery Co Inc                     | 8,441,906                        | 4         | 1.82 %                                                     |
| Northlake Partners LLC                             | 6,268,000                        | 5         | 1.35 %                                                     |
| HRE Lakewood LLC                                   | 6,183,000                        | 6         | 1.34 %                                                     |
| TSCA-201 Ltd Partnership                           | 5,235,895                        | 7         | 1.13 %                                                     |
| Store Here Pantego LLC                             | 5,200,000                        | 8         | 1.12 %                                                     |
| Atmos Energy/Mid Tex Division                      | 5,196,342                        | 9         | 1.12 %                                                     |
| Four Seasons Pantego Ltd                           | <u>4,990,000</u>                 | <u>10</u> | <u>1.08 %</u>                                              |
| Triad Senior Living                                |                                  |           |                                                            |
| Texas Pneumatic Systems Inc                        |                                  |           |                                                            |
| Stagliano, VJ Etux Peggy Etal                      |                                  |           |                                                            |
| Wal-Mart Stores Texas Lp                           |                                  |           |                                                            |
| Aldi (Texas) LLC                                   |                                  |           |                                                            |
| Southwest Cabinet Corp                             |                                  |           |                                                            |
| Total                                              | <u>\$ 77,153,919</u>             |           | <u>16.68 %</u>                                             |

Source: Tarrant Appraisal District

**TABLE 9**

| 2016                             |           |                                                            |  |  |
|----------------------------------|-----------|------------------------------------------------------------|--|--|
| Taxable<br>Assessed<br>Valuation | Rank      | Percentage<br>of Total<br>Taxable<br>Assessed<br>Valuation |  |  |
| \$ -                             |           | -                                                          |  |  |
| -                                |           | -                                                          |  |  |
| 4,200,000                        | 3         | 1.69 %                                                     |  |  |
| 4,106,933                        | 4         | 1.65 %                                                     |  |  |
| -                                |           | -                                                          |  |  |
| -                                |           | -                                                          |  |  |
| 4,700,318                        | 2         | 1.89 %                                                     |  |  |
| -                                |           | -                                                          |  |  |
| -                                |           | -                                                          |  |  |
| 2,952,000                        | 7         | 1.19 %                                                     |  |  |
| 8,000,129                        | 1         | 3.22 %                                                     |  |  |
| 3,690,402                        | 5         | 1.49 %                                                     |  |  |
| 3,375,000                        | 6         | 1.36 %                                                     |  |  |
| 2,436,523                        | 8         | 0.98 %                                                     |  |  |
| 2,419,494                        | 9         | 0.97 %                                                     |  |  |
| <u>2,224,209</u>                 | <u>10</u> | <u>0.90 %</u>                                              |  |  |
| <u>\$ 38,105,008</u>             |           | <u>15.34 %</u>                                             |  |  |

# **TOWN OF PANTEGO, TEXAS**

## **PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>9/30 | Actual<br>Levy<br>Year | Taxes Levied<br>for the<br>Fiscal Year | Adjustment<br>to Levy | Adjusted<br>Taxes Levied<br>for Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       |
|---------------------------------|------------------------|----------------------------------------|-----------------------|---------------------------------------------|-------------------------------------------------|-----------------------|
|                                 |                        |                                        |                       |                                             | Amount                                          | Percentage<br>of Levy |
| 2016                            | 2015                   | \$ 969,368                             | \$ 73,780             | \$ 1,043,148                                | \$ 1,032,490                                    | 99.0%                 |
| 2017                            | 2016                   | 1,091,093                              | 34,414                | 1,125,507                                   | 1,110,985                                       | 98.7%                 |
| 2018                            | 2017                   | 1,211,353                              | 33,121                | 1,244,474                                   | 1,230,856                                       | 98.9%                 |
| 2019                            | 2018                   | 1,334,740                              | 13,806                | 1,348,546                                   | 1,332,986                                       | 98.8%                 |
| 2020                            | 2019                   | 1,453,182                              | 34,311                | 1,487,493                                   | 1,480,372                                       | 99.5%                 |
| 2021                            | 2020                   | 1,439,365                              | 91,210                | 1,530,575                                   | 1,516,520                                       | 99.1%                 |
| 2022                            | 2021                   | 1,486,235                              | 41,126                | 1,527,361                                   | 1,519,407                                       | 99.5%                 |
| 2023                            | 2022                   | 1,810,338                              | 64,068                | 1,874,406                                   | 1,859,584                                       | 99.2%                 |
| 2024                            | 2023                   | 2,431,501                              | 63,040                | 2,494,541                                   | 2,479,163                                       | 99.4%                 |
| 2025                            | 2024                   | 2,490,953                              | 64,650                | 2,555,603                                   | 2,540,269                                       | 99.4%                 |

Sources: Tarrant County Tax Assessor Collector and Town records.

Tax Lien and Assessment Date: January 1 each year  
Taxes due: October 1 of the same year  
Taxes delinquent: February 1 of the following year

TABLE 10

| Collection<br>in Subsequent<br>Years |        | Total Collections to Date |                       | Outstanding<br>As of 9/30/25 |
|--------------------------------------|--------|---------------------------|-----------------------|------------------------------|
|                                      |        | Amount                    | Percentage<br>of Levy |                              |
| \$                                   | 3,539  | \$ 1,036,029              | 99.3%                 | \$ 7,119                     |
|                                      | 7,233  | 1,118,218                 | 99.4%                 | 7,289                        |
|                                      | 6,137  | 1,236,993                 | 99.4%                 | 7,481                        |
|                                      | 10,008 | 1,342,994                 | 99.6%                 | 5,552                        |
|                                      | 1,839  | 1,482,211                 | 99.6%                 | 5,282                        |
|                                      | 6,702  | 1,523,222                 | 99.5%                 | 7,353                        |
|                                      | 1,321  | 1,520,728                 | 99.6%                 | 6,633                        |
|                                      | 7,812  | 1,867,396                 | 99.6%                 | 7,010                        |
|                                      | 5,819  | 2,484,982                 | 99.6%                 | 9,559                        |
|                                      | -      | 2,540,269                 | 99.4%                 | 13,814                       |

**TOWN OF PANTEGO, TEXAS****TABLE 11****DIRECT AND OVERLAPPING SALES TAX RATES**

Last Ten Fiscal Years  
(Unaudited)

| Fiscal<br>Year | City<br>Direct<br>Rate | Sales Tax<br>for Property<br>Tax<br>Relief | Sales Tax<br>for Street<br>Improvement | Sales Tax<br>for Economic/<br>Industrial Dev<br>Sec 4B |
|----------------|------------------------|--------------------------------------------|----------------------------------------|--------------------------------------------------------|
| 2016           | 1.00%                  | 0.50%                                      | -                                      | -                                                      |
| 2017           | 1.00%                  | 0.50%                                      | -                                      | -                                                      |
| 2018           | 1.00%                  | 0.50%                                      | -                                      | -                                                      |
| 2019           | 0.88%                  | 0.50%                                      | -                                      | 0.125%                                                 |
| 2020           | 0.88%                  | 0.50%                                      | -                                      | 0.125%                                                 |
| 2021           | 0.88%                  | 0.50%                                      | -                                      | 0.125%                                                 |
| 2022           | 0.88%                  | 0.50%                                      | -                                      | 0.125%                                                 |
| 2023           | 0.88%                  | 0.50%                                      | -                                      | 0.125%                                                 |
| 2024           | 1.00%                  | 0.25%                                      | 0.25%                                  | 0.500%                                                 |
| 2025           | 1.00%                  | 0.25%                                      | 0.25%                                  | 0.500%                                                 |

Source: Office of the Comptroller of the State of Texas

**TOWN OF PANTEGO, TEXAS**

**TABLE 12**

**SALES TAX COLLECTIONS BY FUND**

Last Ten Fiscal Years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>9/30 | General |           | Street<br>Improvement | Total<br>Primary<br>Government | Component<br>Unit<br>Economic<br>Development | Total<br>Sales Tax<br>Collections |    |         |    |           |
|---------------------------------|---------|-----------|-----------------------|--------------------------------|----------------------------------------------|-----------------------------------|----|---------|----|-----------|
| 2016                            | \$      | 1,647,731 | \$                    | 326,490                        | \$                                           | 1,974,221                         | \$ | 652,983 | \$ | 2,627,204 |
| 2017                            |         | 1,608,733 |                       | 318,886                        |                                              | 1,927,619                         |    | 637,488 |    | 2,565,107 |
| 2018                            |         | 1,620,587 |                       | 320,884                        |                                              | 1,941,471                         |    | 641,769 |    | 2,583,240 |
| 2019                            |         | 1,664,945 |                       | 332,989                        |                                              | 1,997,934                         |    | 665,128 |    | 2,663,062 |
| 2020                            |         | 1,631,776 |                       | 326,355                        |                                              | 1,958,131                         |    | 652,710 |    | 2,610,841 |
| 2021                            |         | 1,771,100 |                       | 351,572                        |                                              | 2,122,672                         |    | 703,143 |    | 2,825,815 |
| 2022                            |         | 1,904,228 |                       | 378,071                        |                                              | 2,282,299                         |    | 756,144 |    | 3,038,443 |
| 2023                            |         | 1,986,813 |                       | 394,421                        |                                              | 2,381,234                         |    | 788,842 |    | 3,170,076 |
| 2024                            |         | 1,917,136 |                       | 373,427                        |                                              | 2,290,563                         |    | 766,854 |    | 3,057,417 |
| 2025                            |         | 1,863,456 |                       | 362,971                        |                                              | 2,226,427                         |    | 745,382 |    | 2,971,809 |

# **TOWN OF PANTEGO, TEXAS**

## **RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years  
(Unaudited)

| Fiscal<br>Year | Governmental Activities              |                       |            | Total<br>Primary<br>Government (2) | Component<br>Unit                 |
|----------------|--------------------------------------|-----------------------|------------|------------------------------------|-----------------------------------|
|                | Certificates<br>of<br>Obligation (1) | Financed<br>Purchases | Leases     |                                    | Sales Tax<br>Revenue<br>Bonds (4) |
| 2016           | \$ 90,000                            | \$ -                  | \$ 494,919 | \$ 584,919                         | \$ 1,015,000                      |
| 2017           | 60,000                               | -                     | 335,957    | 395,957                            | 870,000                           |
| 2018           | 30,000                               | -                     | 171,250    | 201,250                            | 710,000                           |
| 2019           | 2,735,000                            | -                     | -          | 2,735,000                          | 545,000                           |
| 2020           | 2,665,000                            | -                     | -          | 2,665,000                          | 370,000                           |
| 2021           | 2,565,000                            | -                     | -          | 2,565,000                          | 190,000                           |
| 2022           | 2,465,000                            | -                     | 195,811    | 2,660,811                          | -                                 |
| 2023           | 14,785,000                           | -                     | 314,567    | 15,099,567                         | 1,285,000                         |
| 2024           | 15,114,596                           | 437,644               | 489,406    | 16,041,646                         | 1,285,000                         |
| 2025           | 17,752,594                           | 374,347               | 357,089    | 18,484,030                         | 1,245,000                         |

### Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Includes certificate of obligation secured by property tax revenue.

(2) Includes governmental activities and business-type activities debt.

The Town did not have business-type activities debt during the ten fiscal year period reported.

(3) See Table 18 for population and personal income data.

**TABLE 13**

| Total<br>Outstanding<br>Debt | Total<br>Debt<br>Per<br>Capita (3) | Percentage<br>of<br>Personal<br>Income (3) | Population | Personal<br>Income |
|------------------------------|------------------------------------|--------------------------------------------|------------|--------------------|
| \$ 1,599,919                 | \$ 236                             | 0.9%                                       | 2,475      | \$ 65,463          |
| 1,265,957                    | 159                                | 0.6%                                       | 2,497      | 60,972             |
| 911,250                      | 80                                 | 0.3%                                       | 2,501      | 62,963             |
| 3,280,000                    | 1,080                              | 4.4%                                       | 2,532      | 61,492             |
| 3,035,000                    | 1,053                              | 4.9%                                       | 2,531      | 54,946             |
| 2,755,000                    | 1,035                              | 3.9%                                       | 2,479      | 66,250             |
| 2,660,811                    | 1,046                              | 3.4%                                       | 2,543      | 79,417             |
| 16,384,567                   | 5,971                              | 17.9%                                      | 2,529      | 84,125             |
| 17,326,646                   | 6,502                              | 21.2%                                      | 2,467      | 75,546             |
| 19,729,030                   | 7,444                              | 23.5%                                      | 2,483      | 78,568             |

**TOWN OF PANTEGO, TEXAS**

**TABLE 14**

**NET GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years  
(Unaudited)

| Fiscal<br>Year | Governmental Activities              |                                                       | Net<br>General<br>Bonded<br>Debt | Percentage<br>of Actual<br>Taxable<br>Value (1) | Per<br>Capita (2) |
|----------------|--------------------------------------|-------------------------------------------------------|----------------------------------|-------------------------------------------------|-------------------|
|                | Certificates<br>of<br>Obligation (1) | Less: Amounts<br>Available in<br>Debt Service<br>Fund |                                  |                                                 |                   |
| 2016           | \$ 90,000                            | \$ 102,701                                            | \$ (12,701)                      | (0.01) %                                        | (5)               |
| 2017           | 60,000                               | 69,582                                                | (9,582)                          | (0.00) %                                        | (4)               |
| 2018           | 30,000                               | 49,263                                                | (19,263)                         | (0.01) %                                        | (8)               |
| 2019           | 2,735,000                            | 7,105                                                 | 2,727,895                        | 0.85 %                                          | 1,077             |
| 2020           | 2,665,000                            | 5,699                                                 | 2,659,301                        | 0.75 %                                          | 1,051             |
| 2021           | 2,565,000                            | 4,687                                                 | 2,560,313                        | 0.70 %                                          | 1,033             |
| 2022           | 2,465,000                            | 5,723                                                 | 2,459,277                        | 0.67 %                                          | 967               |
| 2023           | 14,785,000                           | 4,621                                                 | 14,780,379                       | 3.74 %                                          | 5,844             |
| 2024           | 14,395,000                           | 16,199                                                | 14,378,801                       | 3.29 %                                          | 5,828             |
| 2025           | 17,752,594                           | 16,673                                                | 17,735,921                       | 3.83 %                                          | 7,143             |

Notes:

Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See Table 7 for taxable value of property data.

(2) See Table 18 for population and personal income data.

(3) Includes debt secured by a combination tax and revenue pledge.

These bonds are serviced completely by revenue streams other than general property taxes.

**TOWN OF PANTEGO, TEXAS**

**TABLE 15**

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT**

As of September 30, 2025  
(Unaudited)

| Governmental Unit                      | Tax Supported<br>Debt<br>Outstanding (1) | Estimated<br>Percent<br>Applicable (2) | Estimated<br>Share of<br>Direct and<br>Overlapping Debt |
|----------------------------------------|------------------------------------------|----------------------------------------|---------------------------------------------------------|
| Town of Pantego                        | \$ 18,484,030                            | 100%                                   | <u>\$ 18,484,030</u>                                    |
| Total direct debt                      |                                          |                                        | <u>18,484,030</u>                                       |
| Tarrant County                         | 345,130,000                              | 0.12%                                  | 404,739                                                 |
| Tarrant County Hospital District       | 314,050,000                              | 0.11%                                  | 335,125                                                 |
| Tarrant County College District (4)    | 547,535,000                              | 0.20%                                  | 1,077,247                                               |
| Arlington ISD (3)                      | 1,224,080,000                            | 3.09%                                  | <u>37,837,673</u>                                       |
| Total overlapping debt                 |                                          |                                        | <u>39,654,784</u>                                       |
| Total direct and overlapping debt      |                                          |                                        | <u>58,138,814</u>                                       |
| Per capita direct and overlapping debt |                                          |                                        | <u>\$ 23,415</u>                                        |

Source: (1) Town records.

(2) Tarrant Appraisal District; estimated percentage is based on formula using assessed net taxable property values.

(3) Per AISD ACFR

(4) Per Tarrant County College District Annual Report

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Pantego. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and, therefore, responsible for repaying the debt of each overlapping government.

**TOWN OF PANTEGO, TEXAS**

**LEGAL DEBT MARGIN INFORMATION**

Last Ten Fiscal Years  
(Unaudited)

|                                                                         | Fiscal Year       |                   |                   |                   |
|-------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                         | 2016              | 2017              | 2018              | 2019              |
| Debt Limit                                                              | \$ 30,146,743     | \$ 32,633,379     | \$ 36,445,418     | \$ 39,263,910     |
| Total Net Debt Applicable to Limit                                      | <u>482,218</u>    | <u>326,375</u>    | <u>151,987</u>    | <u>2,727,895</u>  |
| Legal Debt Margin                                                       | <u>29,664,525</u> | <u>32,307,004</u> | <u>36,293,431</u> | <u>36,536,015</u> |
| Total Net Debt Applicable to the Limit<br>As a Percentage of Debt Limit | 1.60%             | 1.00%             | 0.42%             | 6.95%             |

TABLE 16

| Fiscal Year       |                   |                   |                   |                   |                   |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2020              | 2021              | 2022              | 2023              | 2024              | 2025              |
| \$ 42,943,425     | \$ 44,115,352     | \$ 44,147,255     | \$ 47,668,166     | \$ 52,718,774     | \$ 57,907,323     |
| <u>2,659,301</u>  | <u>2,560,313</u>  | <u>2,459,277</u>  | <u>14,780,379</u> | <u>17,735,921</u> | <u>17,735,921</u> |
| <u>40,284,124</u> | <u>41,555,039</u> | <u>41,687,978</u> | <u>32,887,787</u> | <u>34,982,853</u> | <u>40,171,402</u> |
| 6.19%             | 5.80%             | 5.57%             | 31.01%            | 33.64%            | 30.63%            |

#### Legal Debt Margin Calculation for the Current Fiscal Year

|                                         |                      |
|-----------------------------------------|----------------------|
| Assessed Value                          | \$ 462,649,687       |
| Add back: exempt property               | <u>116,423,540</u>   |
| Total assessed value                    | <u>579,073,227</u>   |
| Debt Limit (10% of Assessed Value)      | <u>57,907,323</u>    |
| Debt Applicable to Limit:               |                      |
| Certificates of Obligation              | <u>17,752,594</u>    |
| Subtotal                                | 17,752,594           |
| Less: Amount Set Aside for Repayment of |                      |
| Certificates of Obligation              | <u>16,673</u>        |
| Net Debt Applicable to Limit            | <u>\$ 17,735,921</u> |

**TOWN OF PANTEGO, TEXAS**

**TABLE 17**

PEDC SALES TAX REVENUE  
PLEDGED - REVENUE BOND COVERAGE  
(Unaudited)

LAST TEN FISCAL YEARS

| Pantego Economic<br>Development Corporation (PEDC) |                          |                         |           |                           |  |
|----------------------------------------------------|--------------------------|-------------------------|-----------|---------------------------|--|
| Fiscal<br>Year                                     | Sales Tax<br>Collections | Sales Tax Revenue Bonds |           | PEDC<br>Bond Coverage (1) |  |
|                                                    |                          | Debt Service            |           |                           |  |
|                                                    |                          | Principal               | Interest  |                           |  |
| 2016                                               | \$ 652,983               | \$ 140,000              | \$ 54,401 | 3.36                      |  |
| 2017                                               | 637,488                  | 145,000                 | 47,041    | 3.32                      |  |
| 2018                                               | 641,769                  | 160,000                 | 39,499    | 3.22                      |  |
| 2019                                               | 665,128                  | 165,000                 | 31,399    | 3.39                      |  |
| 2020                                               | 652,710                  | 175,000                 | 22,906    | 3.30                      |  |
| 2021                                               | 703,143                  | 180,000                 | 13,861    | 3.63                      |  |
| 2022                                               | 756,144                  | 190,000                 | 4,788     | 3.88                      |  |
| 2023                                               | 788,842                  | -                       | -         | -                         |  |
| 2024                                               | 766,854                  | -                       | 52,447    | 14.62                     |  |
| 2025                                               | 745,382                  | 40,000                  | 59,188    | 7.51                      |  |

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

**TOWN OF PANTEGO, TEXAS**

**TABLE 18**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years  
(Unaudited)

| Fiscal<br>Year<br>Ended<br>9/30 | Estimated<br>Population (1) | Personal<br>Income<br>(thousands<br>of dollars) (1) | Per Capita<br>Income (1) | Median<br>Age (1) | Public<br>School<br>Enrollment (2) | Unemployment<br>Rate (3) |
|---------------------------------|-----------------------------|-----------------------------------------------------|--------------------------|-------------------|------------------------------------|--------------------------|
| 2016                            | 2,475                       | \$ 65,463                                           | \$ 33,508                | 47.0              | 4,126                              | 4.2%                     |
| 2017                            | 2,497                       | 60,972                                              | 36,369                   | 50.7              | 4,162                              | 3.5%                     |
| 2018                            | 2,501                       | 62,963                                              | 35,735                   | 52.7              | 4,069                              | 3.4%                     |
| 2019                            | 2,532                       | 61,492                                              | 35,991                   | 53.8              | 3,969                              | 3.2%                     |
| 2020                            | 2,531                       | 54,946                                              | 36,413                   | 51.7              | 4,027                              | 7.3%                     |
| 2021                            | 2,479                       | 66,250                                              | 39,769                   | 47.2              | 3,951                              | 4.5%                     |
| 2022                            | 2,543                       | 79,417                                              | 44,340                   | 43.9              | 3,852                              | 3.5%                     |
| 2023                            | 2,529                       | 84,125                                              | 48,325                   | 44.0              | 3,819                              | 3.8%                     |
| 2024                            | 2,467                       | 75,546                                              | 46,401                   | 42.8              | 3,899                              | 3.9%                     |
| 2025                            | 2,483                       | 78,568                                              | 47,150                   | 42.6              | 3,825                              | 3.7%                     |

Sources: (1) American Community Survey from data.census.gov  
 (2) Arlington Independent School District (AISD) - Student Demographic Reports.  
 Includes enrollment for Hill Elementary, Bailey Junior High and Arlington High School,  
 which are AISD schools zoned for the Town of Pantego.  
 (3) U.S. Department of Labor, Bureau of Labor Statistics - State of Texas Unemployment  
 Statistics report.

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**TOWN OF PANTEGO, TEXAS**

**TABLE 19**

**PRINCIPAL EMPLOYERS**

Current and Nine Years Ago  
(Unaudited)

| 2016                       |            |      | 2025                      |            |      |
|----------------------------|------------|------|---------------------------|------------|------|
|                            | Employees  | Rank |                           | Employees  | Rank |
| Pantego Christian Academy  | 150        | 1    | Pantego Christian Academy | 165        | 1    |
| Holiday Inn Club Vacations | 100        | 2    | Anton Cabinetry           | 90         | 2    |
| Anton Cabinetry            | 97         | 3    | Wal-Mart Neighborhood     | 88         | 3    |
| Wal-Mart Neighborhood      | 93         | 4    | Prime Lawn Care Inc.      | 72         | 4    |
| Texas Pneumatic Systems    | 65         | 5    | Town of Pantego           | 50         | 5    |
| ESP Services Heating & A/C | 36         | 6    | McDonald's                | 48         | 6    |
| The Waterford              | 32         | 7    | Dutch Brothers Coffee     | 42         | 7    |
| Trojan Electric            | 26         | 8    | Texas Appliance           | 35         | 8    |
| Weldon Mechanical Corp.    | 22         | 9    | Crash Champions           | 22         | 9    |
| Aldi Grocery Store         | <u>12</u>  | 10   | Braum's                   | <u>18</u>  | 10   |
| Total                      | <u>633</u> |      |                           | <u>465</u> |      |

Sources: Town's Economic Development records.

Note: Total employment figures for the Town of Pantego were not available to calculate percentage of total city employment

# TOWN OF PANTEGO, TEXAS

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES

Last Ten Fiscal Years  
(Unaudited)

| Function/Program                     | Fiscal Year |             |             |             |
|--------------------------------------|-------------|-------------|-------------|-------------|
|                                      | 2016        | 2017        | 2018        | 2019        |
| General and administrative           |             |             |             |             |
| City Manager                         | 1.0         | 1.0         | 1.0         | 1.0         |
| City Secretary                       | 1.0         | 1.0         | 1.0         | 1.0         |
| Finance Director                     | 1.0         | 1.0         | 1.0         | 1.0         |
| Accounts Payable/Payroll/HR          | 1.0         | 1.0         | -           | 1.0         |
| EDC Coordinator                      | -           | -           | -           | -           |
| Support Specialist                   | -           | -           | -           | -           |
| Subtotal                             | <u>4.0</u>  | <u>4.0</u>  | <u>3.0</u>  | <u>4.0</u>  |
| Public Works                         |             |             |             |             |
| Public Works Director                | 1.0         | 1.0         | -           | 1.0         |
| Operations Manager                   | -           | -           | -           | -           |
| Support Specialist                   | 1.0         | 1.0         | 1.0         | 1.0         |
| Code Enforcement                     | -           | -           | -           | -           |
| Foreman / Crew Leader                | 2.0         | 2.0         | 2.0         | 2.0         |
| Public Works Worker                  | 3.5         | 3.5         | 3.5         | 3.5         |
| Subtotal                             | <u>7.5</u>  | <u>7.5</u>  | <u>6.5</u>  | <u>7.5</u>  |
| Community Development                |             |             |             |             |
| Community Development Director       | 1.0         | 1.0         | 1.0         | 1.0         |
| Support Specialist                   | 1.0         | 1.0         | 1.0         | 1.0         |
| Subtotal                             | <u>2.0</u>  | <u>2.0</u>  | <u>2.0</u>  | <u>2.0</u>  |
| Police                               |             |             |             |             |
| Police Chief                         | -           | -           | -           | 1.0         |
| Public Safety Chief                  | 0.5         | 0.5         | -           | -           |
| Assistant Police Chief               | 1.0         | 1.0         | -           | -           |
| Captain                              | -           | -           | -           | 1.0         |
| Sergeant                             | 1.0         | 1.0         | 1.0         | 1.0         |
| Sergeant CID                         | 1.0         | 1.0         | 1.0         | -           |
| Corporal                             | 1.0         | 2.0         | -           | 2.0         |
| Officer                              | 7.0         | 6.0         | 6.0         | 6.0         |
| School Crossing Guard                | 0.5         | 0.5         | 0.5         | 0.5         |
| Dispatcher                           | 5.0         | 5.0         | 5.0         | 5.0         |
| Subtotal                             | <u>17.0</u> | <u>17.0</u> | <u>13.5</u> | <u>16.5</u> |
| Fire                                 |             |             |             |             |
| Fire Chief                           | -           | -           | -           | 1.0         |
| Public Safety Chief                  | 0.5         | 0.5         | -           | -           |
| Assistant Fire Chief / and (EMC '22) | 1.0         | 1.0         | -           | -           |
| Captain                              | -           | -           | -           | -           |
| Lieutenant                           | 3.0         | 3.0         | 2.0         | 3.0         |
| Fire Inspector                       | -           | -           | 0.5         | 0.5         |
| Emergency Management Coordinator     | -           | -           | -           | -           |
| Firefighter/Paramedic (P/T)          | -           | -           | -           | -           |
| Firefighter/Paramedic                | 6.0         | 6.0         | 9.0         | 8.5         |
| Subtotal                             | <u>10.5</u> | <u>10.5</u> | <u>11.5</u> | <u>13.0</u> |
| Municipal Court                      |             |             |             |             |
| Court Administrator                  | 1.0         | 1.0         | 1.0         | 1.0         |
| Court Clerk                          | -           | -           | -           | 0.5         |
| Deputy Court Clerk                   | 1.0         | 1.0         | 1.0         | 1.0         |
| Assistant Court Clerk                | 0.5         | 0.5         | -           | -           |
| Warrant Officer                      | 2.0         | 2.0         | 2.0         | 2.0         |
| Subtotal                             | <u>4.5</u>  | <u>4.5</u>  | <u>4.0</u>  | <u>4.5</u>  |
| Totals                               | <u>45.5</u> | <u>45.5</u> | <u>40.5</u> | <u>47.5</u> |

Source: Town records.

TABLE 20

| Fiscal Year |      |      |      |      |      |
|-------------|------|------|------|------|------|
| 2020        | 2021 | 2022 | 2023 | 2024 | 2025 |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| -           | -    | 0.5  | 0.5  | 0.5  | 0.5  |
| -           | -    | -    | -    | 2.0  | 2.0  |
| 4.0         | 4.0  | 4.5  | 4.5  | 6.5  | 6.5  |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| -           | -    | 1.0  | 1.0  | 1.0  | 1.0  |
| 1.0         | 2.0  | 2.0  | 2.0  | -    | -    |
| -           | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  |
| 2.0         | 1.0  | 1.0  | -    | -    | -    |
| 3.5         | 4.5  | 2.5  | 2.5  | 3.0  | 2.0  |
| 7.5         | 9.0  | 8.0  | 7.0  | 5.5  | 4.5  |
| 1.0         | -    | -    | -    | -    | -    |
| 1.0         | -    | -    | -    | -    | -    |
| 2.0         | -    | -    | -    | -    | -    |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| -           | -    | -    | -    | -    | -    |
| -           | -    | -    | -    | -    | -    |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| 1.0         | 1.0  | 1.0  | -    | 1.0  | 1.0  |
| -           | -    | -    | -    | -    | -    |
| 2.0         | 2.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| 6.5         | 6.5  | 7.5  | 6.5  | 8.0  | 7.0  |
| 0.5         | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  |
| 5.0         | 5.0  | 5.0  | 5.0  | 5.5  | 5.5  |
| 17.0        | 17.0 | 17.0 | 15.0 | 18.0 | 17.0 |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| -           | -    | -    | -    | -    | -    |
| -           | -    | 1.0  | 1.0  | -    | -    |
| -           | -    | -    | -    | -    | -    |
| 3.0         | 3.0  | 3.0  | 3.0  | 3.0  | 3.0  |
| -           | -    | -    | -    | -    | -    |
| 0.5         | 1.0  | -    | -    | -    | -    |
| -           | -    | 2.5  | 3.0  | 2.5  | 2.5  |
| 10.5        | 7.0  | 6.0  | 6.0  | 6.0  | 6.0  |
| 15.0        | 12.0 | 13.5 | 14.0 | 12.5 | 12.5 |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| 0.5         | 0.5  | -    | -    | -    | -    |
| 1.0         | 1.0  | 2.0  | 2.0  | 2.0  | 2.0  |
| -           | -    | -    | -    | -    | -    |
| 1.0         | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  |
| 3.5         | 3.5  | 4.0  | 4.0  | 4.0  | 4.0  |
| 49.0        | 45.5 | 47.0 | 44.5 | 46.5 | 44.5 |

# TOWN OF PANTEGO, TEXAS

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years  
(Unaudited)

|                                                   | Fiscal Year |        |        |        |
|---------------------------------------------------|-------------|--------|--------|--------|
|                                                   | 2016        | 2017   | 2018   | 2019   |
| Public Safety                                     |             |        |        |        |
| Police                                            |             |        |        |        |
| Number of employees                               | 17.0        | 17.0   | 13.5   | 16.5   |
| Part 1 index crimes                               | 108         | 109    | 122    | 158    |
| Total calls                                       | 16,847      | 15,092 | 19,243 | 19,396 |
| Crash reports                                     | 81          | 86     | 82     | 37     |
| Citations and Warnings                            | 5,028       | 4,807  | 6,543  | 4,571  |
| Warrants issued/CID                               | -           | 9      | 14     | 33     |
| Total arrests                                     | 756         | 552    | 532    | 457    |
| Fire                                              |             |        |        |        |
| Number of employees                               | 11.0        | 10.5   | 11.5   | 13.0   |
| Number of calls for service                       | 1,876       | 1,864  | 1,869  | 1,723  |
| Automatic and mutual aid                          | 1,189       | 1,155  | 1,311  | 956    |
| Inspections                                       | 1,027       | 299    | 315    | 287    |
| Municipal Court                                   |             |        |        |        |
| Number of employees                               | 4.5         | 4.5    | 4.0    | 4.5    |
| Cases Filed (Citations processed/ FTA)            | 6,144       | 6,057  | 7,419  | 5,392  |
| Warrants processed                                | 5,790       | 2,995  | 4,230  | 4,615  |
| Public Works                                      |             |        |        |        |
| Number of employees                               | 6.5         | 7.5    | 6.5    | 7.5    |
| (1) Hours worked per function:                    |             |        |        |        |
| Public works - utility billing                    | 1,140       | 1,841  | 1,820  | 1,943  |
| Public works - administration                     | 2,964       | 5,696  | 4,916  | 4,582  |
| Parks                                             | 2,004       | 2,054  | 2,227  | 2,658  |
| Maintenance                                       | 768         | 6,052  | 5,687  | 5,025  |
| Streets/Drainage                                  | 1,236       | 948    | 938    | 1,704  |
| Animal Control                                    | 36          | 426    | 548    | 351    |
| Former Comm. Dev. Part of PW as of FY 2021        |             |        |        |        |
| Building Safety Inspections                       | 375         | 429    | 473    | 271    |
| Code Compliance Inspections                       | 28          | 51     | 97     | 60     |
| Commercial Permits Issued                         | 122         | 97     | 114    | 81     |
| Residential Permits Issued                        | 133         | 125    | 122    | 119    |
| Certificates of Occupancy Issued                  | 176         | 102    | 74     | 57     |
| Water and Sewer                                   |             |        |        |        |
| Number of water customers                         | 1,210       | 1,218  | 1,218  | 1,218  |
| Number of sewer connections                       | 1,160       | 1,166  | 1,169  | 1,169  |
| Number of solid waste customers                   | 938         | 942    | 947    | 948    |
| Number of recycling customers                     | 886         | 886    | 887    | 888    |
| Yearly water consumption<br>(millions of gallons) | 157.5       | 154.7  | 179.8  | 174.7  |
| Yearly sewer usage<br>(millions of gallons)       | 101.0       | 103.3  | 106.2  | 105.9  |

Source: Various Town departmental records.

Notes:

(1) Public works functions include parks, street, facilities maintenance, animal control services, water and wastewater operations, including utility billing

Hours per function are estimates

TABLE 21

| Fiscal Year |        |        |        |        |        |
|-------------|--------|--------|--------|--------|--------|
| 2020        | 2021   | 2022   | 2023   | 2024   | 2025   |
| 17.0        | 17.0   | 17.0   | 15.0   | 18.0   | 16.0   |
| 278         | 271    | 237    | 225    | 231    | 230    |
| 24,807      | 24,958 | 20,663 | 15,750 | 22,549 | 22,549 |
| 91          | 60     | 132    | 73     | 128    | 56     |
| 5,389       | 5,303  | 5,796  | 4,494  | 3,504  | 5,368  |
| 30          | 24     | 43     | 29     | 60     | 16     |
| 186         | 63     | 98     | 94     | 110    | 141    |
| 15.0        | 12.0   | 13.5   | 14.0   | 12.5   | 12.5   |
| 1,472       | 1,953  | 2,656  | 2,346  | 2,532  | 2,102  |
| 799         | 1,648  | 1,772  | 1,592  | 2,073  | 1,594  |
| 240         | 292    | 205    | 256    | 253    | 138    |
| 3.5         | 3.5    | 4.0    | 4.0    | 4.0    | 4.0    |
| 5,318       | 4,971  | 4,262  | 4,065  | 2,826  | 4,160  |
| 1,222       | 671    | 965    | 5,977  | 2,185  | 1,701  |
| 7.5         | 8.5    | 8.5    | 7.0    | 6.5    | 7.0    |
| 1,865       | 1,883  | 1,961  | 1,856  | 1,856  | 1,867  |
| 3,816       | 4,316  | 4,165  | 4,234  | 3,931  | 4,001  |
| 2,214       | 2,504  | 2,417  | 2,286  | 2,122  | 2,219  |
| 4,184       | 4,733  | 4,568  | 4,821  | 4,477  | 4,623  |
| 1,419       | 1,605  | 1,549  | 1,333  | 1,237  | 1,361  |
| 292         | 330    | 319    | 317    | 294    | 303    |
| 206         | 481    | 307    | 470    | 313    | 11     |
| 50          | 216    | 480    | 112    | 205    | 589    |
| 49          | 68     | 74     | 72     | 109    | 129    |
| 93          | 129    | 110    | 119    | 119    | 92     |
| 78          | 78     | 67     | 91     | 85     | 72     |
| 1,206       | 1,189  | 1,202  | 1,221  | 1,228  | 1,211  |
| 1,169       | 1,169  | 1,169  | 1,169  | 1,169  | 1,169  |
| 929         | 923    | 944    | 954    | 925    | 947    |
| 875         | 867    | 874    | 889    | 889    | 909    |
| 162.5       | 170.2  | 197    | 176    | 187    | 122    |
| 89.5        | 88.4   | 129.0  | 129.0  | 83.0   | 70.0   |

# **TOWN OF PANTEGO, TEXAS**

## **CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years  
(Unaudited)

|                          | Fiscal Year |       |       |       |
|--------------------------|-------------|-------|-------|-------|
|                          | 2016        | 2017  | 2018  | 2019  |
| Public Safety            |             |       |       |       |
| Police stations          | 1           | 1     | 1     | 1     |
| Police patrol units      | 6           | 6     | 6     | 6     |
| Police patrol units MC   | 2           | 2     | 2     | 2     |
| Police admin units       | 2           | 2     | 2     | 4     |
| Fire stations            | 1           | 1     | 1     | 1     |
| Ambulance units          | 2           | 2     | 2     | 2     |
| Fire engine units        | 2           | 2     | 2     | 3     |
| Hazmat units             | 1           | -     | -     | -     |
| Fire admin units         | 3           | 3     | 3     | 2     |
| Streets                  |             |       |       |       |
| Streets (miles)          | 17.62       | 17.62 | 17.62 | 17.62 |
| Traffic signals          | 8           | 8     | 8     | 8     |
| Streetlights             | 237         | 237   | 237   | 237   |
| Culture and recreation   |             |       |       |       |
| Parks                    | 1           | 1     | 1     | 1     |
| Park (acres)             | 7.69        | 7.69  | 7.69  | 7.69  |
| Playgrounds              | 3           | 3     | 3     | 3     |
| Basketball courts        | 2           | 2     | 2     | 2     |
| Park pavilions           | 3           | 3     | 3     | 3     |
| Park Splash Pad          |             |       | 1     | 1     |
| Water and Sewer          |             |       |       |       |
| Miles of water main      | 24          | 24    | 24    | 24    |
| Miles of sewer main      | 25          | 25    | 25    | 25    |
| Water storage facilities | 3           | 3     | 3     | 3     |
| Number of fire hydrants  | 171         | 171   | 171   | 171   |

Source: Various Town departmental records.

TABLE 22

| Fiscal Year |       |       |       |       |       |       |
|-------------|-------|-------|-------|-------|-------|-------|
| 2020        | 2021  | 2022  | 2023  | 2024  | 2025  |       |
| 1           | 1     | 1     | 1     | 1     | 1     | 1     |
| 6           | 6     | 6     | 6     | 7     | 7     | 7     |
| 2           | 3     | 3     | 3     | 3     | 3     | 2     |
| 1           | 1     | 2     | 2     | 2     | 2     | 2     |
| 1           | 1     | 1     | 1     | 1     | 1     | 1     |
| 2           | 2     | 2     | 2     | 2     | 2     | 2     |
| 2           | 2     | 2     | 2     | 2     | 2     | 2     |
| -           | -     | -     | -     | -     | -     | -     |
| 2           | 2     | 2     | 2     | 2     | 2     | 2     |
| 17.62       | 17.62 | 17.62 | 17.62 | 17.62 | 17.62 | 17.62 |
| 8           | 8     | 8     | 8     | 8     | 8     | 8     |
| 237         | 237   | 237   | 237   | 237   | 237   | 237   |
| 1           | 1     | 1     | 1     | 1     | 1     | 1     |
| 7.69        | 7.69  | 7.69  | 7.69  | 7.69  | 7.69  | 7.69  |
| 3           | 3     | 3     | 3     | 3     | 3     | 3     |
| 2           | 2     | 2     | 2     | 2     | 2     | 2     |
| 3           | 3     | 3     | 3     | 4     | 4     | 4     |
| 1           | 1     | 1     | 1     | 1     | 1     | 1     |
| 24          | 24    | 24    | 24    | 24    | 24    | 24    |
| 25          | 25    | 25    | 25    | 25    | 25    | 25    |
| 3           | 3     | 3     | 3     | 3     | 3     | 3     |
| 171         | 171   | 171   | 171   | 171   | 171   | 171   |

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## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor  
and Members of Town Council  
Town of Pantego, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Pantego, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Pantego's basic financial statements, and have issued our report thereon dated March 23, 2026.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Pantego, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pantego, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Pantego, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Pantego, Texas' financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**OFFICE LOCATIONS**

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

## ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Pantego, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Pantego, Texas' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 23, 2026